Manitoba
Finance

Financial Statements of Boards, Commissions and Government Agencies

of the
Province of Manitoba

for the Year Ended 31st March, 1988

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GOVERNMENT OF THE PROVINCE OF MANITOBA

CONTENTS

ORGANIZATION	FISCAL YEAR ENDED	NO.
A.E. McKenzie Co. Ltd.	October 31, 1987	5
Alcoholism Foundation of Manitoba, The	March 31, 1988	17
Alonsa Conservation District #3, The	March 31, 1988	25
Board of Administration Under The Embalmers and Funeral Directors Act, The	December 31, 1987	31
Brandon University	March 31, 1988	35
Brandon University Holding Company Limited	March 31, 1988	77
Brandon University Retirement Plan	December 31, 1987	83
Channel Area Loggers Ltd.	March 31, 1988	89
Civil Service Superannuation Fund, The	December 31, 1987	99
Communities Economic Development Fund	March 31, 1988	117
Cooks Creek Conservation District #5, The	March 31, 1988	127
Co-operative Loans and Loans Guarantee Board, The	March 31, 1988	137
Co-operative Promotion Board, The	March 31, 1988	141
Criminal Injuries Compensation Board, The	March 31, 1988	149
Leaf Rapids Town Properties Ltd.	March 31, 1988	153
Le Centre Culturel Franco-Manitobain	March 31, 1988	164
Legal Aid Services Society of Manitoba, The	March 31, 1988	183
Liquor Control Commission, The	March 31, 1988	195
Manfor Ltd.	December 31, 1987	203
Manitoba Agricultural Credit Corporation, The	March 31, 1988	215
Manitoba Arts Council	March 31, 1988	235
Manitoba Beef Commission	March 31, 1988	247
Manitoba Boxing and Wrestling Commission	March 31, 1988	259
Manitoba Centennial Centre Corporation, The	March 31, 1988	265
Manitoba Crop Insurance Corporation, The	March 31, 1988	277
Manitoba Data Services	March 31, 1988	289
Manitoba Development Corporation	March 31, 1988	299
Manitoba Energy Authority, The	March 31, 1988	315
Manitoba Habitat Heritage Corporation, The	March 31, 1988	323
Manitoba Hazardous Waste Management Corporation	December 31, 1987	329
Manitoba Health Research Council, The	March 31, 1988	337
Manitoba Health Services Commission	March 31, 1988	345
Horse Racing Commission, The	March 31, 1988	357
Manitoba Hospital Capital Financing Authority, The	March 31, 1988	365
Manitoba Housing and Renewal Corporation, The	March 31, 1988	371
Manitoba Hydro-Electric Board, The	March 31, 1988	391
Manitoba Intercultural Council, The	March 31, 1988	403
Manitoba Lotteries Foundation, The	March 31, 1988	411
Manitoba Mental Health Research Foundation, The	March 31, 1988	433
Manitoba Milk Prices Review Commission, The	March 31, 1988	439
Manitoba Mineral Resources Ltd.	December 31, 1987	443
Manitoba Oil and Gas Corporation, The	December 31, 1987	453
Manitoba Potash Corporation Joint Venture, The	December 31, 1987	461
Manitoba Properties Inc.	January 31, 1988	463
Manitoba Properties Leasing Inc.	December 31, 1987	471
Manitoba Properties Management Inc.	December 31, 1987	477
Manitoba Public Insurance Corporation, The	October 31, 1987	483
Manitoba Research Council, The	March 31, 1988	499
Manitoba Telephone System, The	March 31, 1988	507
Manitoba Trading Corporation, The	March 31, 1988	515
Manitoba Training Advisory Council Inc., The	March 31, 1988	519
Manitoba Vegetable Producers' Marketing Board, The	June 30, 1987	525
Manitoba Water Services Board, The	March 31, 1988	535
Moose Lake Loggers Ltd.	March 31, 1988	553
Public Investments Corporation of Manitoba, The	December 31, 1987	563
Public Schools Finance Board, The	December 31, 1987	569
Public Service Group Insurance Fund, The	April 30, 1987	577
Public Trustee of Manitoba, The	March 31, 1988	593
Teachers' Retirement Allowances Fund, The	December 31, 1987	601
Turtle Mountain Conservation District #4	March 31, 1988	611
Turtle River Watershed Conservation District #2	March 31, 1988	619
Universities Grants Commission, The	March 31, 1988	629
University of Manitoba, The	March 31, 1988	635
University of Manitoba Pension Plans, The	December 31, 1987	697
University of Manitoba Research Ltd	March 31, 1988	709
University of Manitoba Research And Development Ltd.	March 31, 1988	715
University of Winnipeg, The	March 31, 1988	719
University of Winnipeg Pension Plan	December 31, 1987	747
Venture Manitoba Tours Ltd.	March 31, 1988	753
Westarc Group Inc.	March 31, 1988	763
Whitemud Watershed Conservation District, The	March 31, 1988	769
Workers Compensation Board of Manitoba, The	December 31, 1987	779
Workplace Innovation Centre, The	March 31, 1988	789

ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

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RUPERTSLAND SQUARE
WINNIPEG, R3C 3T1
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To The Shareholders of
A.E. McKenzie Co. Ltd.:

We have examined the consolidated balance sheets of A.E. McKENZIE CO. LTD. (a Manitoba Crown Corporation) as at October 31, 1987 and 1986 and the related consolidated statements of operations, deficit and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at October 31, 1987 and 1986 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

December 18, 1987

A. E. McKENZIE CO. LTD.

CONSOLIDATED BALANCE SHEETS--OCTOBER 31, 1987 AND 1986

ASSETS (Note 6)

	1987	1986
CURRENT ASSETS:		
Cash and term deposits	$ 2,000	$ 102,950
Accounts receivable (Note 5)	1,812,348	1,573,223
Inventory (Note 5)	4,950,678	5,540,694
Prepaid expenses	73,261	74,276
Total current assets	$ 6,838,287	$ 7,291,143
EQUIPMENT UNDER CAPITAL LEASE (Note 4)	231,890	223,224
FIXED ASSETS (Note 2)	988,305	1,030,385
OTHER ASSETS (Note 3)	268,987	217,346
	$ 8,327,469	$ 8,762,098

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	1987	1986
CURRENT LIABILITIES:		
Bank loan and cheques issued in excess of funds on deposit (Note 5)	$ 113,211	$ 501,395
Accounts payable and accrued liabilities	1,632,519	1,618,986
Current portion of capital lease (Note 4)	110,906	82,537
Current portion of long-term debt (Note 6)	222,497	260,090
Total current liabilities	$ 2,079,133	$ 2,463,008
OBLIGATIONS UNDER CAPITAL LEASE (Note 4)	184,119	200,677
LONG-TERM DEBT (Note 6)	251,177	473,674
Total liabilities	$ 2,514,429	$ 3,137,359
CONTINGENCIES (Note 8)		
SHAREHOLDERS' INVESTMENT:		
Share capital (Note 7)	$12,268,500	$12,268,500
Deficit	(6,455,460)	(6,643,761)
Total shareholders' investment	$ 5,813,040	$ 5,624,739
	$ 8,327,469	$ 8,762,098

Approved on behalf of the Board:

Director

James W Clarke Director

The accompanying notes are an integral part of these balance sheets.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED OCTOBER 31, 1987 AND 1986

	1987	1986
SALES	$14,013,575	$14,243,305
COST OF SALES	7,666,122	7,966,170
GROSS PROFIT	$ 6,347,453	$ 6,277,135
EXPENSES:		
Selling, marketing and distribution	$ 4,674,092	$ 4,431,121
Administration	1,342,767	1,356,779
	$ 6,016,859	$ 5,787,900
	$ 330,594	$ 489,235
OTHER INCOME	93,183	75,251
NET OPERATING INCOME	$ 423,777	$ 564,486
INTEREST (Notes 4, 5 and 6):		
Long-term	$ 77,590	$ 110,765
Short-term	118,390	106,583
Capital lease	39,496	43,599
	$ 235,476	$ 260,947
NET INCOME	$ 188,301	$ 303,539

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF DEFICIT

FOR THE YEARS ENDED OCTOBER 31, 1987 AND 1986

	1987	1986
DEFICIT, Beginning of year	$(6,643,761)	$(6,947,300)
NET INCOME	188,301	303,539
DEFICIT, End of year	$(6,455,460)	$(6,643,761)

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED OCTOBER 31, 1987 AND 1986

	1987	1986
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income	$ 188,301	$ 303,539
ADD (DEDUCT) - Items not affecting cash:		
Depreciation and amortization	391,047	390,966
Gain on sale of fixed asset	(73,853)	(2,669)
	$ 505,495	$ 691,836
(Increase) decrease in accounts receivable	(239,125)	14,438
Decrease (increase) in inventory	590,016	(445,447)
Decrease (increase) in prepaid expenses	1,015	(23,146)
Increase (decrease) in accounts payable and accrued liabilities	13,533	(761,431)
	$ 870,934	$ (523,750)
CASH PROVIDED BY (USED IN) FINANCIAL ACTIVITIES:		
Redemption and reduction of long-term debt	$ (260,090)	$ (262,586)
Proceeds of bank loan and cheques issued in excess of cash on deposit	(388,184)	501,395
	$ (648,274)	$ 238,809
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES:		
Purchase of equipment under capital lease	$ (104,235)	$ (36,067)
Purchase of fixed assets	(159,577)	(231,141)
Disposal of fixed assets	76,027	17,453
Design development costs	(147,636)	(103,782)
Increase (decrease) in obligations under capital lease	11,811	(36,126)
	$ (323,610)	$ (389,663)
DECREASE IN CASH	$ (100,950)	$ (674,604)
CASH AND TERM DEPOSITS, beginning of year	102,950	777,554
CASH AND TERM DEPOSITS, end of year	$ 2,000	$ 102,950

The accompanying notes are an integral part of these statements.

A. E. McKENZIE CO. LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 1987 AND 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Company:

(a) Accounts Consolidated

These financial statements consolidate the accounts of A. E. McKenzie Co. Ltd. and the following wholly owned subsidiaries:

Steele Briggs Ltd.
McFayden Seeds Ltd.
Pike & Co. Ltd.
Canada Seeds Ltd.

(b) Inventory

Inventory is valued at the lower of cost or net realizable value. Cost of manufactured goods and work-in-process includes material, labor and plant overhead. Cost of finished packets is determined at average cost by variety. Cost for bulk seed is determined at laid-down cost by specific item. Inventory purchased for resale, packaging and shipping materials are valued at an average laid-down cost by item. Provision has been made for obsolescence, germination and slow moving stocks.

(c) Depreciation - Fixed Assets

Depreciation of fixed assets is recorded on the straight-line basis using the following rates:

Buildings	- 2%
Building renovations	- 10%
Equipment	- 10%
Leasehold improvements	- Term of Lease
Display stands and trays	- 20%
Equipment under capital lease	- 20%

(d) Amortization - Other Assets

i) Computer development costs are amortized on a straight-line basis over five years.

ii) Design development costs associated with new products are amortized on a straight-line basis over five years. Unamortized design development costs for products discontinued are written off completely in the year of discontinuation.

iii) Goodwill is amortized on a straight-line basis over 10 years.

(e) Foreign Exchange

The accounts of the Company denominated in foreign currency have been translated to Canadian dollars on the following basis:

i) Income and expenses are translated using the average currency rates in effect during the period.

ii) Monetary items (primarily accounts payable) are translated at the exchange rate at the financial statement date.

iii) Non-monetary items (primarily inventories) are translated at their historic exchange rates.

The resulting foreign currency gains or losses are included in other income in the current year.

(f) Pension Cost

The Company maintains two fully funded pension plans for its employees.

Pension cost related to the cost-based plan are recorded based on the required contribution under the formula stated in the plan.

Pension cost related to the benefit-based plan are recorded based on the cost of pension entitlements accrued during the period.

During 1986 certain changes were made to the Company's benefit-based pension plan to provide improved benefits to employees and pensioners covered by the plan. The cost of increased past service benefits was funded from the accumulated surplus in the plan.

(g) Revenue Recognition

A substantial portion of the Company's sales are made on a guaranteed sale or consignment basis.

During the year the Company records all shipments as sales, with a provision for returns based on historical experience.

As of the yearend date, substantially all returns have been processed. For returns which have not been processed, the Company records a provision based on its actual returns for the year.

(h) Income Tax

The Corporation is owned by the Manitoba Government and its agency, the Manitoba Development Corporation. It is therefore exempted from income tax.

2. FIXED ASSETS

	1987		1986	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 30,953	$ -	$ 30,953	$ -
Buildings	1,716,915	1,180,028	1,624,836	1,103,674
Equipment	1,541,575	1,217,819	1,570,297	1,215,538
Leasehold Improvements	85,042	72,618	85,042	62,448
Trays	67,982	58,711	56,393	53,672
Display Stands	446,914	371,900	432,509	334,313
	$ 3,889,381	$ 2,901,076	$ 3,800,030	$ 2,769,645
Cost less accumulated depreciation	$ 988,305		$ 1,030,385	

3. OTHER ASSETS

	1987		1986	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Development				
- Design	$ 550,372	$ 359,068	$ 402,736	$ 279,694
- Computer	63,487	60,905	63,487	59,284
Goodwill	150,101	75,000	150,101	60,000
	$ 763,960	$ 494,973	$ 616,324	$ 398,978
Cost less accumulated amortization	$ 268,987		$ 217,346	

4. LEASES

During the current year the Company purchased additional computer equipment and a new packaging machine. The equipment is being amortized over a 5 year period. The net book value is as follows:

	1987	1986
Equipment under Capital Lease	$ 537,652	$ 433,416
Less: Accumulated Amortization	305,762	210,192
	$ 231,890	$ 223,224

4. LEASES (continued)

The future minimum lease payments under capital and operating leases that have initial or remaining non-cancelable terms in excess of one year at October 31, 1987 are as follows:

	Capital Leases	Operating Leases
1988	$141,434	$191,318
1989	112,844	100,361
1990	40,246	78,719
1991	28,483	72,600
1992	20,150	36,300
Total Minimum Lease Payments	$343,157	$479,298
Less: Imputed Interest at 13.5%	48,132	
	$295,025	
Present Value of Obligations Under Capital Lease Due Within One Year	110,906	
Long-Term Obligations Under Capital Lease	$184,119	

Aggregate rentals paid on operating leases for real estate, automobiles, computer software and other equipment for the year ended October 31, 1987 amounted to $346,794 (1986 - $335,178). The Company is responsible for all operating costs related to the above. The Company has also guaranteed certain minimum values for automobile leases.

5. BANK LOANS

Bank loans which are required from time to time are secured by inventory, accounts receivable and the assignment of the fire insurance policy. Bank loans bear interest at prime.

6. LONG-TERM DEBT

	1987	1986
Demand debenture, repayable in monthly instalments of principal and interest amounting to $22,339, interest at a fixed rate of 12.5% maturing 1989	$ 473,674	$ 670,764
Promissory note, repayable in annual instalments of $63,000 plus interest at the prime lending rate, maturing 1987	-	63,000
	$ 473,674	$ 733,764
Current Portion	222,497	260,090
	$ 251,177	$ 473,674

Principal payments due in the next two years for all of the long-term debt described above:

1988 - $222,497
1989 - $251,177

The demand debenture held by the Manitoba Development Corporation is secured by a fixed and floating charge on all assets of the Company subject to prior security held by the bank.

7. SHARE CAPITAL

Authorized

2,000	Class A common shares, maximum consideration $200,000
5,000,000	Class B common shares, maximum consideration $5,000,000
5,000,000	Class A preferred shares, non-voting, cumulative dividends at the rate of 6% per share per annum, redeemable, maximum consideration $5,000,000
7,154,000	Class B preferred shares, non-voting, non-cumulative dividends at the rate of 6% per share per annum, redeemable, convertible, maximum consideration $7,154,000

Issued and fully paid

1,145	Class A common shares	$ 114,500
5,000,000	Class A preferred shares	5,000,000
7,154,000	Class B preferred shares	7,154,000
		$12,268,500

The Class A preferred shares are redeemable, at the option of the holder and the Company, at $1.00 per share together with any dividends accrued thereon and unpaid. Dividends in arrears at October 31, 1987 were $1,500,000.

The Class B preferred shares are redeemable at $1.00 per share together with any dividends declared and unpaid.

The preferred shares are convertible only with the written approval of the Lieutenant-Governor in Council of the Province of Manitoba. The terms of conversion have not been specified.

All of the issued common shares are owned by the Province of Manitoba. All of the issued preferred shares are owned by the Manitoba Development Corporation.

8. CONTINGENCIES

The Company is a party to certain litigation arising in the normal course of business, the aggregate effect of which, in the opinion of management, would not have a material effect on the Company's consolidated financial statements.

Manitoba

THE ALCOHOLISM FOUNDATION OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedule 1, of The Alcoholism Foundation of Manitoba for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

May 31, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE ALCOHOLISM FOUNDATION OF MANITOBA

(Incorporated under the laws of Manitoba)
Balance Sheet as at March 31, 1988

	1988	1987
ASSETS		
Cash	$ 104,357	$ 62,967
Accounts receivable	75,988	58,227
Prepaid insurance	15,744	14,386
Land and buildings, at cost (Note 2)	1,877,161	1,877,161
	$ 2,073,250	$ 2,012,741
LIABILITIES		
Accounts payable and accrued liabilities	$ 308,952	$ 209,548
CAPITAL AND RETAINED EARNINGS		
Capitalized land and buildings	1,877,161	1,877,161
Deficit, Exhibit B	(112,863)	(73,968)
	1,764,298	1,803,193
	$ 2,073,250	$ 2,012,741

EXHIBIT B

THE ALCOHOLISM FOUNDATION OF MANITOBA

Statement of Revenue and Expenditure
Year Ended March 31, 1988

	1988	1987
Revenue:		
Government of the Province of Manitoba operating grant	$ 9,358,100	$ 9,933,600
Other revenue, (Note 5)	823,970	457,231
	10,182,070	10,390,831
Expenditure, Schedule 1:	10,220,965	10,539,041
Excess of expenditure over revenue	(38,895)	(148,210)
(Deficit) retained earnings, beginning of year	(73,968)	74,242
Deficit, end of year	$ (112,863)	$ (73,968)

EXHIBIT C

THE ALCOHOLISM FOUNDATION OF MANITOBA

Statement of Cash Receipts and Disbursements
Year Ended March 31, 1988

	1988	1987
Cash receipts:		
Government of the Province of Manitoba operating grants	$ 9,358,100	$ 9,933,600
Other	806,660	431,742
	10,164,760	10,365,342
Cash disbursements, including grants to external agencies	10,123,370	10,497,589
Excess of receipts over (under) disbursements	41,390	(132,247)
Cash, beginning of year	62,967	195,214
Cash, end of year	$ 104,357	$ 62,967

SCHEDULE 1

THE ALCOHOLISM FOUNDATION OF MANITOBA

Schedule of Expenditures
Year Ended March 31, 1988

	1988	1987
Grants to other agencies	$ 1,575,200	$ 2,270,900
Salaries	5,613,794	5,341,509
Wages	500,471	524,687
Advertising and exhibits	5,700	15,507
Audio-visual aids	24,555	25,362
Audit	4,343	4,878
Automobile	138,368	132,992
Board of Governors' honorarium	18,273	18,200
Books, newspapers and periodicals	21,688	18,676
Educational literature	68,368	74,008
Employee benefits	416,520	398,962
Fees	161,057	85,008
Furnishings and equipment	54,369	122,941
Health and post secondary education tax levy	137,130	89,878
Household requisites	77,885	65,218
Materials, repairs and maintenance	233,410	223,424
Medical services and supplies	96,860	96,602
Miscellaneous	21,598	18,423
Postage and telephone	163,403	146,367
Printing, stationery and office supplies	112,823	105,917
Property taxes	63,412	64,182
Rent and insurance	73,553	66,802
Resesarch grants and evaluation projects	27,394	7,675
Staff development	49,209	51,548
Subsistence	239,706	239,450
Training	23,215	36,417
Transportation of patients	8,443	13,572
Travel	150,020	145,613
Utilities	140,198	134,323
Total, Exhibit B	$ 10,220,965	$ 10,539,041

Notes to Financial Statements
Year Ended March 31, 1988

1. Nature of the Foundation

The Foundation is incorporated under the Alcoholism Foundation of Manitoba Act. The Foundation is the provincial authority responsible for providing prevention and treatment programs related to chemical misuse and dependency to individuals and communities; for conducting research into the negative effects of substance abuse; and in so doing, for promoting the health and well-being of Manitobans. The Foundation is a registered charity within the meaning of the Income Tax Act.

2. Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the exceptions that pension charges are reflected as incurred (explained in note 4), the costs of leasehold improvements, renovations, furniture, equipment and supplies are expensed in the year of purchase, and there has been no provision made in the accounts for depreciation of buildings, which were acquired with specific grant funds from the Government of the Province of Manitoba.

3. Lease Commitments

The Foundation leases buildings, vehicles and equipment under long-term operating leases which expire at various dates between 1989 and 1992. Some of these leases contain renewal options at rates to be negotiated. The following is a schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 1988.

1989	$ 57,822
1990	29,796
1991	16,997
1992	1,138
	$ 105,753

4. Pension

Employees of The Alcoholism Foundation of Manitoba are pensionable under the Civil Service Superannuation Fund and make contributions at prescribed rates. The Foundation is required to pay 50% of the Fund's pension disbursements made to retired employees and these are charged to superannuation expenditures as incurred. No provision is made in the accounts to fund current or past service costs but the Superannuation Fund is subject to a triennial actuarial review. On the basis of an actuarial report, the estimated unfunded liability for the Foundation's employees amounted to $3,387,427 as at December 31, 1987 ($2,781,700 as at December 31, 1986).

THE ALCOHOLISM FOUNDATION OF MANITOBA

Notes to Financial Statements
Year Ended March 31, 1988

5. Other Revenue

	1988	1987
Impaired drivers program fees	$ 472,125	$ 177,775
Recovery of wages, medical services and travel expenditures	95,062	63,625
Services contracts	80,091	39,423
Training course fees	44,111	77,017
Donations	5,084	4,049
Miscellaneous	127,497	95,342
	$ 823,970	$ 457,231

Included in recovery of wages, medical services, travel expenditures and service contracts is $107,467 (1987 - $39,423) from the Government of Canada; $16,036 (1987 - $8,630) from the Government of the Province of Manitoba; and $51,650 (1987 - $54,995) from the Manitoba Health Services Commission.

B. K. PELL
CHARTERED ACCOUNTANT
WINNIPEG. CANADA

Auditor's Report

The Board
The Alonsa Conservation District No. 3
Alonsa, Manitoba

I have examined the balance sheet of The Alonsa Conservation District No. 3 as at 31 March 1988 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the District as at 31 March 1988 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountant

Winnipeg, Manitoba
24 June 1988

THE ALONSA CONSERVATION DISTRICT NO. 3

BALANCE SHEET

AS AT 31 MARCH 1988

ASSETS

	1988	1987
Current		
Bank and term deposit	$ 38,404	$ 38,300
Accounts receivable		
Conservation District Authority	15,796	3,663
Accrued interest	-	332
	54,200	42,295
Fixed		
Office equipment etc.		
Cost less depreciation of $1,205 and $665	5,346	3,223
	$ 59,546	$ 45,518

LIABILITIES AND SURPLUS

	1988	1987
Current		
Conservation District Authority	$ 16,529	$ 3,234
Province of Manitoba	-	2,488
Unexpended part of Ducks Unlimited grant	4,318	-
	20,847	5,722
Emergency reserve account	5,000	5,000
Surplus	33,699	34,796
	$ 59,546	$ 45,518

THE ALONSA CONSERVATION DISTRICT NO. 3

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 1988

	1987/88 12 Months	1986/87 15 Months
Revenue		
Province of Manitoba allocated grant	$157,219	$160,885
Municipal Grant		
General	29,346	29,329
Re: Manager's salary	2,700	2,438
Forage seed recoveries	23,771	20,331
Bank interest	3,202	4,043
Province of Manitoba flood grant	4,488	-
Government of Canada employment grant	2,963	-
Ducks Unlimited - earned portion of $5,000	682	-
Sundry	6	-
	224,377	217,026
Expenditure		
Projects		
Miscellaneous crossing repairs	29,134	31,013
Channel maintenance	43,493	27,192
Channel improvements	-	28,901
	72,627	87,106
Board remuneration and expense	8,385	7,540
Other administration	21,597	17,849
Manager's salary and expense	34,308	19,022
Forage seed	76,279	85,403
Resource extension etc.	1,905	720
Summer student	3,904	-
Rotational grazing	2,729	-
	221,734	217,640
Province share of flood grant	3,740	-
	225,474	217,640
Excess of expenditure	(1,097)	(614)
Surplus		
Balance, beginning of period	34,796	35,410
Balance, end of period	$ 33,699	$ 34,796

THE ALONSA CONSERVATION DISTRICT NO. 3

STATEMENT OF PROVINCIAL CONTRIBUTIONS

FOR THE YEAR ENDED 31 MARCH 1988

		% SHAREABLE		SHARE	
	AMOUNT	PROV.	DIST.	PROV.	DISTRICT
Projects - maintenance	$ 52,647	75	25	$ 39,485	$ 13,162
- Kjartanson	3,536		100	-	3,536
- other	16,444	75	25	12,333	4,111
	72,627				
- Rotational grazing	2,729	75	25	2,047	682
Board administration	28,395	75	25	21,297	7,098
Other administration -	284	100		284	-
-	1,148		100	-	1,148
Camera equipment	2,663	75	25	1,997	666
Manager's salary and expenses	34,308	75	25	25,731	8,577
Forage seed	76,279	75 (1)		52,500	23,779
Resource extension, etc.	2,060	75	25	1,545	515
Summer student (net)	938		100	-	938
	$221,431			$157,219	$ 64,212

(1) 75% shareable up to $70,000

THE ALONSA CONSERVATION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS

31 MARCH 1988

1. Except for payroll and incidental expenses the expenses of the District are paid from a bank of the Conservation District Authority, a Provincial Agency which pays accounts for four districts in all.

2. The Province of Manitoba provides the engineering and technical staff requirements of the District at no charge.

Manitoba

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of the Board of Administration under The Embalmers and Funeral Directors Act for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred W. Jackson

F. H. Jackson, CA,
Provincial Auditor.

August 31, 1988,
Winnipeg, Manitoba

EXHIBIT A

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Balance Sheet
as at December 31, 1987
(with 1986 figures for comparison)

	1987	1986
A S S E T S		
Current assets:		
Cash on hand and in bank	$ 45,285	$ 42,526
Accounts receivable - licenses	35	185
- Province of Manitoba	-	267
	$ 45,320	$ 42,978
L I A B I L I T I E S		
Current liabilities:		
Accounts payable	$ 900	$ 1,936
Deferred revenue	-	3,260
	900	5,196
R E T A I N E D E A R N I N G S		
Balance, beginning of year	37,782	28,907
Add: Revenue over expenditure for the year, Exhibit B	6,638	8,875
Balance, end of year	44,420	37,782
	$ 45,320	$ 42,978

EXHIBIT B

BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Revenue and Expenditure for the year ended December 31, 1987 (with 1986 figures for comparison)

	1987	1986
Revenue:		
Licences:		
Funeral Homes	$ 5,300	$ 5,700
Funeral Directors	4,050	4,100
Embalmers	1,640	1,670
Agents	450	600
Articled student registration, courses and examination fees	10,575	10,400
Interest	1,985	1,939
Miscellaneous	175	195
	24,175	24,604
Expenditure:		
Accounting fees	-	(200)
Audit	870	475
Honoraria - board members	550	390
- acting registrar	1,000	1,000
Miscellaneous	567	642
Postage	263	396
Printing licenses	345	65
Courses and seminars - instruction, classrooms, texts	12,225	12,163
Board meetings	1,300	478
Bad debts written off	417	320
	17,537	15,729
Revenue over expenditure, Exhibit A	$ 6,638	$ 8,875

BOARD OF ADMINISTRATION UNDER
THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements
December 31, 1987

1. Nature of the Board of Administration

The Embalmers and Funeral Directors Act established the Board of Administration. The Board licenses and regulates embalmers and funeral directors and prescribes the courses of training and instruction for articled students.

2. Summary of Significant Accounting Policies

a) General

The accompanying financial statements are prepared in accordance with generally accepted accounting principles, except for the accounting for articled student programs as set out in b) below.

b) Articled Student Programs

The Board of Administration uses the cash basis for revenues and expenditures in the articled student programs.

c) Services Provided by the Province of Manitoba at no charge

The Province of Manitoba provides the services of a bookkeeper and an accountant at no charge to the Board of Administration. These services are estimated to be $5,000 per year and are not reflected in these statements.

Manitoba

BRANDON UNIVERSITY

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A - H and Schedules 1 - 6, of Brandon University for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

September 16, 1988,
Winnipeg, Manitoba.

STATEMENTS

Brandon University
Comparative Balance Sheet
as at March 31, 1988 and March 31, 1987

Statement A

ASSETS

	1988	1987
Current:		
Cash and bank		
General Operating	$ 1,150,595	$ 844,703
Trust Fund	588,937	1,454,959
Investments		
Trust Fund (notes 1B & 4)	2,173,487	832,619
Accounts receivable		
General (note 10)	616,292	485,285
Special	460,617	137,812
Bookstore inventory, at cost	130,521	135,643
Prepaid expenses	167,997	151,036
	5,288,446	4,042,057
Investment in Subsidiary Company (note 12)	155,436	124,702
Fixed: Schedule 1 (notes 1D, 2 and 3)		
Land and buildings	35,176,660	32,746,026
Furnishings and equipment	16,046,374	15,011,980
Zone properties	302,257	284,261
Construction in progress	56,000	1,493,056
	51,581,291	49,535,323
	$57,025,173	$53,702,082

LIABILITIES & FUND BALANCES

	1988	1987
Current:		
Accounts payable and accrued liabilities	$ 2,365,173	$ 2,287,461
Deferred income	4,860	7,368
	2,370,033	2,294,829
Long-term:		
5 1/8% Mortgage, $41,608 principal and interest payable semi-annually July 1, 1988 - 2012	1,153,751	1,176,941
8 1/4% Mortgage, $66,686 principal and interest payable semi-annually April 1, 1988 - 2021	1,513,162	1,521,197
Early Retirement Agreements (note 9)	116,673	95,430
Promissory Note		1,300,000
Pension Contract	44,000	66,000
Zone properties mortgages (notes 1E and 5)	13,352	18,275
	2,840,938	4,177,843
Fund Balances:		
General:		
Operating, Regular	196,260	205,497
Early Retirement Appropriation (note 9)	(199,040)	(238,357)
Operating Fund Account, Statement C	(2,780)	(32,860)
Research and Special Projects, Statement F (note 1G)	836,421	510,388
Capital Purpose, Statement G (note 1H)	(875,453)	(1,057,576)
	(41,812)	(580,048)
Trust:		
Scholarship and Endowment, Statement D	2,916,872	2,275,566
Brandon University Student Union, Statement E		7,601
	2,916,872	2,283,167
	2,875,060	1,703,119
Equity in Subsidiary Company (note 12)	155,436	124,702
Investment in Fixed Assets, Statement H	48,783,706	45,401,589
	$57,025,173	$53,702,082

Comparative Statement of General Fund Revenues and Other Additions and Expenditures and Other Deductions for the years ended March 31, 1988 and March 31, 1987

Statement B

	Operating Fund Account		Research and Special Projects Fund Account
	1988	1987	1988
REVENUES AND OTHER ADDITIONS:			
Student Fees	$ 2,420,022	$ 2,237,969	$ 34,561
Grants:			
Universities Grants Commission	12,565,989	11,646,674	38,000
Government of the Province of Manitoba	1,077,207	1,049,619	3,010,000
Government of Canada	31,783	69,994	
Other	78,352	78,530	341,810
City of Brandon	174,047	177,627	
Sponsored or Assisted Research			1,121,733
Scholarship and bursary donors			149,477
Ancillary Enterprises	2,695,846	2,764,153	216,587
Miscellaneous	289,429	240,337	349,312
Total Revenues and Other Additions Schedule 2	19,332,675	18,264,903	5,261,480
EXPENDITURES AND OTHER DEDUCTIONS:			
Academic - general	9,515,227	8,577,251	885,548
Academic - specifically funded			3,356,706
Library	1,145,586	1,097,858	
Student Services	942,567	976,566	149,477
Administration	934,758	871,776	
General support services and other general expenditures	1,464,954	1,240,518	327,129
Plant maintenance	2,622,804	2,623,896	
Ancillary Enterprises	2,706,960	2,878,557	216,587
Total Expenditures and Other Deductions Schedule 3	19,332,856	18,266,422	4,935,447
Net Revenues and Other Additions (Net Expenditures and Other Deductions) for the year before Special Items	(181)	(1,519)	326,033
Special Items (note 9) Change in early retirement appropriation	39,317	(238,357)	
Net Revenues and Other Additions (Net Expenditures and Other Deductions)	$ 39,136	$ (239,876)	$ 326,033

Research and Special Projects Fund Account	Capital Purpose Fund Account		Total March 31	Total March 31
1987	1988	1987	1988	1987
$ 40,799	$	$	$ 2,454,583	$ 2,278,768
	1,994,234		14,598,223	11,646,674
2,890,000	35,000		4,122,207	3,939,619
	455,563		487,346	69,994
370,493	106,490	836,749	526,652	1,285,772
			174,047	177,627
870,791			1,121,733	870,791
190,667			149,477	190,667
216,587			2,912,433	2,980,740
456,457			638,741	696,794
5,035,794	2,591,287	836,749	27,185,442	24,137,446
854,346	1,965,343	129,751	12,366,118	9,561,348
3,360,224			3,356,706	3,360,224
	56,000		1,201,586	1,097,858
190,667	396,877	1,417,043	1,488,921	2,584,276
			934,758	871,776
505,140			1,792,083	1,745,658
			2,622,804	2,623,896
216,587			2,923,547	3,095,144
5,126,964	2,418,220	1,546,794	26,686,523	24,940,180
(91,170)	173,067	(710,045)	498,919	(802,734)
			39,317	(238,357)
$ (91,170)	$ 173,067	$ (710,045)	$ 538,236	$(1,041,091)

Comparative Statement of Operating Fund Account
for the years ended March 31, 1988 and March 31, 1987

Statement C

	1988	1987
Balance at beginning of year	$ (32,860)	$ 207,016
Add:		
(Net Expenditures and Other Deductions) Net Revenues and Other Additions for the year before Special Items, Statement B	(181)	(1,519)
	(33,041)	205,497
Special Items (note 9)		
Change in early retirement appropriation	39,317	(238,357)
Adjustment of prior years' operations, net	(9,056)	
Balance at end of year, Statement A	$ (2,780)	$ (32,860)

NOTE: The University has implemented an Early Retirement Plan whereby it expects that the initial costs of the Plan will be more than offset from future cost savings. The Special Items shown above, represents the transactions associated with the Plan and will be recovered over the early retirement period as cost savings occur. (see note 9)

Comparative Statement of Scholarship and Endowment Trust Fund Account for the years ended March 31, 1988 and March 31, 1987

Statement D

	1988	1987
Balance at beginning of year	$ 2,275,566	$ 1,711,623
Add:		
Contributions during the year	638,609	640,533
Income from investments (note 1B)	208,276	237,039
	846,885	877,572
Deduct:		
Scholarships, bursaries and awards	149,477	190,667
Transfer to General Fund	35,000	108,895
Management fees and administrative expenses	13,098	12,831
Sundry expenses	8,004	1,236
	205,579	313,629
Balance at end of year, Statement A and Schedule 6	$ 2,916,872	$ 2,275,566

Comparative Statement of Brandon University
Student Union Trust Fund Account
for the years ended March 31, 1988 and March 31, 1987

Statement E

	1988	1987
Balance at beginning of year	$ 7,601	$ 449,949
Add:		
Income from Investments		28,599
Deduct:		
Expenses, new building	7,601	470,947
Balance at end of year, Statement A	$ -	$ 7,601

Statement of Research and Special Projects Fund Account for the year ended March 31, 1988

Statement F

	Balance March 31, 1987
Research	
Natural Sciences and Engineering Research Council	$ 40,664
Government of the Province of Manitoba	3,751
Government of Canada	142,099
Other	69,883
	256,397
Special Programs	
Brandon University Northern Teacher Education Program (B.U.N.T.E.P.)	152,586
Program for the Education of Native Teachers (P.E.N.T.) (note 13)	15,729
Brandon University Indian Leadership Development Program (B.U.I.L.D.)	11,485
Rural Development Institute (R.D.I)	
	179,800
Scholarships, bursaries and awards transferred to the Operating Fund	-
Sundry Projects, net (notes 12 and 13)	52,527
Ancillary Enterprises	
Universities Grants Commission Mortgage Payment	-
Expenditure recoverable included in accounts receivable	21,664
Balance as at March 31, 1987 and 1988, Statement A	$ 510,388

Revenues and Other Additions	Expenditures and Other Deductions	Balance March 31, 1988
$ 235,102	$ 186,931	$ 88,835
62,724	66,582	(107)
747,532	556,407	333,224
86,375	75,628	80,630
1,131,733	885,548	502,582
3,010,000	2,990,622	171,964
376,371	364,800	27,300
	1,284	10,201
38,000		38,000
3,424,371	3,356,706	247,465
149,477	149,477	
283,743	327,129	9,141
216,587	216,587	-
55,569	-	77,233
$ 5,261,480	$ 4,935,447	$ 836,421

Comparative Statement of Capital Purpose Fund Account for the years ended March 31, 1988 and March 31, 1987

Statement G

	1988	1987
Balance (Deficit) at beginning of year	$(1,057,576)	$ (347,531)
Add (Deduct):		
Net Revenue and Other Additions (Net Expenditures and other Deductions) for the Year, Statement B	173,067	(710,045)
Adjustment of prior years' operations, net	9,056	
Deficit at end of year, Statement A	$ (875,453)	$(1,057,576)

Comparative Statement of Investment in Fixed Assets for the years ended March 31, 1988 and March 31, 1987

Statement H

	1988	1987
Balance at beginning of year	$45,401,589	$43,111,302
Add:		
Charges to expenditure	2,513,539	1,037,301
Construction during the year	868,578	1,434,880
Appraisal adjustment (note 1D)		(181,894)
Net Income from Zone Properties	4,923	5,629
Less:		
Mortgage repayment	(4,923)	(5,629)
	3,382,117	2,290,287
Balance at end of year, Statement A	$48,783,706	$45,401,589

BRANDON UNIVERSITY

Notes to Financial Statements
for the year ended March 31, 1988

1. Significant Accounting Principles and Reporting Practices

A. Fund Accounting

The accounts of the University are maintained in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. For financial reporting purposes, accounts with similar characteristics or objectives have been combined to establish the General and Trust Funds.

B. Investment of Trust Funds

Trust funds available for investment are pooled. Investment income is distributed to each participating fund annually at March 31. Investments are recorded at cost or at fair market values at the date of acquisition or donation respectively. Gains or losses on sales of investments are recognized in the fiscal year of disposal.

C. Accounting Basis

The University accounts are maintained to provide a matching of Revenues and Other Additions and Expenditures and Other Deductions to the fiscal year in which the items were budgeted. As a consequence of this policy, the following modifications to the accrual basis of accounting have been adopted by the University:

a) Regular session student fees and ancillary enterprises income which pertain to a period after the University's fiscal year-end are not treated as deferred income but are recorded as revenues of that fiscal year.

b) The costs of sabbatical leaves are accounted for in the fiscal year in which the expenditures are made; other payroll costs have not been accrued from the last pay period in the fiscal year to March 31.

c) Accrued interest has not been taken into account on the University's trust investments or trust liabilities.

d) Consumable supplies are charged to operations in the fiscal year they are acquired. Except for the bookstore, the costs of the unused supplies as at March 31 are not included in inventory for financial statement presentation purposes.

e) Grants in lieu of taxes, which were paid on behalf of the University by the Department of Municipal Affairs, have been reflected in both income and expenditures in the financial statements.

Notes to Financial Statements
for the year ended March 31, 1988

D. Property, Plant and Equipment

Land and buildings are purchased with capital funds and charged to the general fund - capital purpose.

Land - is recorded as per the Municipal Tax Assessment values as of December 31, 1987.

Buildings- are shown at the values established by an appraisal report completed as of July 1984 by Sunalta Appraisals Ltd. with all subsequent additions recorded at cost.

Furnishings and equipment including library books are purchased with operating funds and charged to the general fund - operating. These are shown at the values established by an appraisal report completed as of July 1984 by Sunalta Appraisals Ltd. with all subsequent additions recorded at cost.

Increases or decreases to the fixed assets are reflected as an adjustment to Investments in Fixed Assets.

Depreciation is not provided for on the fixed assets.

E. Mortgage Principal Repayment

Repayments of mortgage principal are charged to operations, except for repayment of Zone Properties mortgages which are charged to Investment in Fixed Assets.

F. Operations

Ancillary Enterprises provide goods and services not directly associated with the University's primary education objective. These activities are expected to operate on a break-even basis, except for payments of principal and interest on long-term debt, which are funded from other sources. Ancillary Enterprises is assessed all significant overhead costs associated with its operations.

G. Research and Special Projects Fund Account

From time to time, certain funds are received by the University for specific purposes. In the fiscal year that the funds are received, they are shown as income on the Statement of Income and Expenditures.

H. Capital Purpose Fund Account

Funds received by the University for Capital purposes are reported in the Fund Balances section of the Balance Sheet, until such time as they are applied to the expenditures for which they were received.

BRANDON UNIVERSITY

Notes to Financial Statements for the year ended March 31, 1988

H. Capital Purpose Fund Account - continued

The balance of $(875,453) in the Capital Purposes Fund Account represents costs incurred in excess of the contributions received to March 31, 1988 in respect of the Knowles-Douglas Student Union Centre and the new Music Building.

Funding will be provided from the Knowles-Douglas Commission for the outstanding costs associated with the construction of the Knowles-Douglas Student Union Centre. An order in council has been approved authorizing the University to borrow up to $750,000 on behalf of the Knowles-Douglas Commission, to assist the Commission with the funding of the remaining construction costs.

Funding for the outstanding costs associated with the new Music Building will be provided from continued grants the University is receiving from the Federal Government.

2. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Government of the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through campaigns.

The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. under a 99 year lease for a nominal consideration of $1, with the University being required to supply certain services to the Auditorium for which it is reimbursed.

3. Knowles-Douglas Student Union Centre

The Knowles-Douglas Student Union Centre has been leased to the Knowles-Douglas Student Union Centre Inc. under a 50 year lease for the nominal consideration of $1 per year, with the University being required to supply certain services.

4. Investments

Details regarding the Investments are as follows:

	Book Value	Market Value
Bonds:		
Government of Canada	$ 1,630,552	$ 1,719,487
Other	157,142	158,000
Stocks:	385,793	391,413
	$ 2,173,487	$ 2,268,900

5. Zone Properties

There are several mortgages outstanding as at March 31, 1988 having varying maturity dates. Under the terms of the various mortgages, monthly payments of $551 are required covering principal and interest.

6. Bookstore

An agreement between the University and the Brandon University Students' Union provides for the equal sharing of profits of the University's bookstore operations. Profits payable to the Students' Union amounted to $17,016 for the year ended March 31, 1988 (1987 - $27,360).

7. Pension Plans

Brandon University contributes to a trustee-administered pension plan for its employees. Both the University and the employees contribute to the pension plan on the basis of the employees' regular salary.

The actuarial valuation was completed as at January 1, 1987 to determine the plan's position and established a plan surplus of $2,027,000. The next actuarial valuation is to be made as at January 1, 1990.

There are also special pension contracts subject to conditions being fulfilled. The University amortizes the costs thereof by an annual charge to operations.

The accounts of the Brandon University Retirement Plan do not form part of the University's financial statements. The Plan's financial statements are audited and reported on by the Provincial Auditor.

8. Long-term Agreements

Lease Purchase:

Brandon University acquired a VAX 11/750 computer in December, 1982 from Digital Equipment of Canada Ltd., under a lease-purchase agreement. The terms of the agreement call for 5 equal annual payments of $39,960.25, starting April 1, 1983 and a 10% purchase option ($17,313) payable April 1, 1988.

Equipment Ordered:

The University entered into an agreement with Gabriel Kney & Co. Limited for the purchase of an organ to be delivered August 1, 1988. The total cost is $98,868. Payments of $46,200 have been advanced as at March 31, 1988.

9. Early Retirement

The University has entered into individual agreements with employees on the basis of an Early Retirement Plan approved by the University Board of Governors. Eligible employees may elect, until August 1988, to participate in the Plan.

Under the Plan, the University provides financial incentives to eligible employees electing early retirement. The payments associated with these incentives occur during the early years of the early retirement, primarily the first year. The University expects to offset these costs through either not replacing, or replacing at a lower salary, the retired employees. The payback period for the Plan is expected to be three (3) to five (5) years.

10. Accounts Receivable

	1988	1987
Student receivables	$315,156	$263,202
Other receivables	399,954	379,252
	715,110	642,454
Allowance for doubtful accounts	98,818	157,169
	$616,292	$485,285

11. Computer Services

The costs of Computer Services provided to Brandon University by the University of Manitoba are charged to the Universities Grants Commission. These costs are not recorded in the accounts of Brandon University.

12. Investment in Subsidiary Company

Brandon University Holding Company Limited was incorporated as a wholly-owned subsidiary of Brandon University in 1985. The Holding Company was established for the purpose of holding shares in subsidiary companies. The subsidary company, WESTARC Group Inc., was set up to achieve a dissemination of expertise from the University to the public and private sectors.

WESTARC Group Inc., a wholly-owned subsidiary of Brandon University Holding Company Limited, was incorporated in 1985.

12. Investment in Subsidiary Company - continued

The University accounts for its investment in accordance with a modification of the equity method. Under this method, contributions to the subsidiary company, and its earnings, are added to the investment in the subsidiary. Dividends from the subsidiary are subtracted from the investment in subsidiary and are recorded and reflected in the Statement of General Fund Revenues and Other Additions and Expenditures and Other Deductions. During the year ended March 31, 1988, $10,000 of such dividends were recorded.

The investment and related equity account are summarized as follows:

	1988	1987
Investment in Subsidiary Company	$	$
Share Capital	1	1
Brandon University Holding Company Limited Retained Earnings	155,435	124,701
Current balance of Investment in Subsidiary Company	$155,436	$124,702
Equity Account	$155,436	$124,702

During the current fiscal year, the University implemented the modified equity basis of recording the investment in its subsidiary company. Previously, the equity in the investment in the subsidiary company was primarily included as Sundry Projects in the Research and Special Projects Fund Account. The implementation of this method has necessitated a restatement of prior years figures in order to provide comparative amounts.

13. Restatement of Accounts

Comparative figures for the year ended March 31, 1987 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1988.

SCHEDULES

Schedule 1 Fixed Assets

	Total March 31 1988	Total March 31 1987
Buildings:		
Administration and Clark Hall	$ 1,546,424	$ 1,546,424
Arts and Library building	1,746,745	1,746,745
Centennial Auditorium (note 2)	3,239,501	3,239,501
Cowan Hall	1,413,758	1,413,758
Drama building	227,650	227,650
Education building	2,140,813	2,140,813
Gymnasium	817,337	817,337
McMaster Hall	3,546,143	3,421,143
Jeff Umphrey Centre	528,842	528,842
J.R. Brodie Science Centre	6,804,663	6,804,663
Darrach Hall and Dining Hall	2,533,601	2,533,601
Music buildings (old)	765,791	765,791
President's residence	134,095	134,095
Queen Elizabeth II Music building	5,616,443	5,115,148
Steam Plant	994,030	994,030
Temporary buildings	170,911	170,911
Utility services	386,508	386,508
Kinsmen Stadium	27,036	27,036
Knowles-Douglas Student Union Centre	1,804,339	
	34,444,630	32,013,996
Land and site development:		
Land	542,750	542,750
Site development	189,280	189,280
	732,030	732,030
Land and buildings	35,176,660	32,746,026
Furnishings and equipment	16,046,374	15,011,980
Zone properties	302,257	284,261
Construction in progress	56,000	1,493,056
Fixed Assets, Statement A	$ 51,581,291	$ 49,535,323

Schedule 2 General Fund Revenues and Other Additions

	Operating Fund Account	Research and Special Projects Fund Account
Student Fees:		
Regular Session	$ 1,726,546	$
Evening Session-credit	91,026	
Evening Session-non credit	164,611	
Summer Session	69,234	
Spring Session	76,620	
Music Conservatory	188,494	
Other	103,491	
Special Programs:		
Program for the Education of Native Teachers		34,561
	2,420,022	34,561
Grants:		
Universities Grants Commission:		
Operating	11,895,307	
Miscellaneous Capital	415,916	
Special		
Manitoba Universities Development Fund	254,766	
Rural Development Institute		38,000
	12,565,989	38,000
Government of the Province of Manitoba:		
Grant in lieu of taxes	1,077,207	
Brandon University Northern Teacher Education Project		3,010,000
Other		
	1,077,207	3,010,000
Government of Canada:		
Department of Indian Affairs	31,783	
Cultural Initiatives Program		
Other		
	31,783	
Revenues and Other Additions carried forward	$ 16,095,001	$ 3,082,561

Capital Purpose Fund Account	Total March 31 1988	Total March 31 1987
$	$ 1,726,546	$ 1,637,860
	91,026	86,157
	164,611	98,395
	69,234	60,536
	76,620	70,530
	188,494	168,245
	103,491	116,246
	34,561	40,799
	2,454,583	2,278,768
	11,895,307	11,221,702
	415,916	415,916
1,994,234	1,994,234	9,056
	254,766	
	38,000	
1,994,234	14,598,223	11,646,674
	1,077,207	1,049,619
	3,010,000	2,890,000
35,000	35,000	
35,000	4,122,207	3,939,619
	31,783	69,994
450,000	450,000	
5,563	5,563	
455,563	487,346	69,994
$ 2,484,797	$21,662,359	$17,935,055

Schedule 2 General Fund Revenues and Other Additions

	Operating Fund Account	Research and Special Projects Fund Account
Brought forward	$ 16,095,001	$ 3,082,561
Grants, continued:		
Other:		
Program for the Education of Native Teachers		341,810
Knowles Douglas Commission		
Donations	45,352	
Manitoba Community Services Council	33,000	
	78,352	341,810
City of Brandon	174,047	
Sponsored or assisted research:		
National Sciences and Engineering Research Council		235,102
Government of the Province of Manitoba		62,724
Government of Canada		747,532
Other		76,375
		1,121,733
Total Grants	13,927,378	4,511,543
Scholarship and Bursary donors		149,477
Ancillary Enterprises:		
Bookstore	785,859	
Food Services	1,187,357	
Parking	43,767	
Residence - Operating	678,863	
- Mortgage Grant		216,587
	2,695,846	216,587
Miscellaneous:		
Rentals	13,750	
Sundry	101,346	
Sundry projects		339,312
Interest income	139,333	
Bad debt recovered	35,000	
Dividends		10,000
	289,429	349,312
Total Revenues and Other Additions, Statement B	$ 19,332,675	$ 5,261,480

ANNUAL FINANCIAL REPORT

Capital Purpose Fund Account	Total March 31 1988	Total March 31 1987
$ 2,484,797	$21,662,359	$17,935,055
	341,810	370,493
106,490	106,490	836,749
	45,352	78,530
	33,000	
106,490	526,652	1,285,772
	174,047	177,627
	235,102	188,043
	62,724	131,194
	747,532	467,757
	76,375	83,797
	1,121,733	870,791
2,591,287	21,030,208	17,990,477
	149,477	190,667
	785,859	742,350
	1,187,357	1,308,890
	43,767	37,165
	678,863	675,748
	216,587	216,587
	2,912,433	2,980,740
	13,750	18,025
	101,346	113,987
	339,312	456,457
	139,333	108,325
	35,000	
	10,000	
	638,741	696,794
$ 2,591,287	$27,185,442	$24,137,446

Schedule 3 General Fund Expenditures and Other Deductions by Type

	Operating Fund Account	Research and Special Projects Fund Account
Academic - General:		
Salaries and staff benefits	$ 8,285,711	$
Music Conservatory commissions	107,499	
Travel and moving	214,706	
Sponsored or assisted research		885,548
Non-credit programs	114,386	
Other expenses and supplies	399,423	
Miscellaneous capital	393,502	
School of Music Building		
	9,515,227	885,548
Academic - Specifically Funded:		
Program for the Education of Native Teachers		364,800
Brandon University Northern Teacher Education Project		2,990,622
Brandon University Indian Leadership Development		1,284
		3,356,706
Library:		
Salaries and staff benefits	788,704	
Books and periodicals	280,128	
Travel and moving	8,920	
Other expenses and supplies	23,862	
Miscellaneous capital	43,972	
Library building		
	1,145,586	
Student Services:		
Salaries and staff benefits	739,674	
Travel and moving	29,271	
Other expenses and supplies	39,298	
Scholarships, bursaries and awards		149,477
Athletic programs	112,513	
Miscellaneous capital	21,811	
Construction, Knowles Douglas Student Union Centre		
	942,567	149,477
Carried forward	$ 11,603,380	$ 4,391,731

Capital Purpose Fund Account	Total March 31 1988	Total March 31 1987
$	$ 8,285,713	$ 7,440,895
	107,497	172,882
	214,706	258,252
	885,548	854,346
	114,386	64,464
	399,423	330,857
	393,502	309,901
1,965,343	1,965,343	129,751
1,965,343	12,366,118	9,561,348
	364,800	452,341
	2,990,622	2,906,943
	1,284	940
	3,356,706	3,360,224
	788,704	724,364
	280,128	255,625
	8,920	8,487
	23,862	73,120
	43,972	36,262
56,000	56,000	
56,000	1,201,586	1,097,858
	739,674	728,764
	29,271	25,138
	39,298	45,849
	149,477	190,667
	112,513	140,783
	21,811	36,032
396,877	396,877	1,417,043
396,877	1,488,921	2,584,276
$ 2,418,220	$18,413,331	$16,603,706

Schedule 3 General Fund Expenditures and Other Deductions by Type

	Operating Fund Account	Research and Special Projects Fund Account
Brought Forward	$ 11,603,380	$ 4,391,731
Administration:		
Salaries and staff benefits	769,268	
Travel and moving	34,792	
Other expenses and supplies	122,682	
Miscellaneous capital	8,016	
	934,758	
General Support Services and Other General Expenditures:		
Salaries and staff benefits	838,145	
Convocation	22,673	
Sundry projects		327,129
Fundraising	91,219	
Telephone and telegraph	36,092	
Postage	505	
Institutional membership fees	11,128	
Legal and audit	83,972	
Other expenses and supplies (net of recoveries)	174,532	
Miscellaneous capital	206,688	
	1,464,954	327,129
Plant Maintenance:		
Salaries and staff benefits	824,280	
Taxes and insurance	1,141,004	
Security and contract charges	34,968	
Other expenses and supplies	234,228	
Utilities	343,676	
Miscellanous capital	79,343	
	2,657,499	
Steam Plant:		
Salaries and staff benefits	191,351	
Other expenses and supplies	20,815	
Utilities	193,145	
	405,311	
Maintenance allocations or recoveries	(440,006)	
Total Plant Maintenance	2,622,804	
Carried forward	$ 16,625,896	$ 4,718,860

Capital Purpose Fund Account	Total March 31 1988	Total March 31 1987
$ 2,418,220	$18,413,331	$16,603,706
	769,268	705,586
	34,792	34,893
	122,682	120,469
	8,016	10,828
	934,758	871,776
	838,145	842,341
	22,673	21,812
	327,129	442,940
	91,219	50,412
	36,092	31,831
	505	(6,579)
	11,128	12,300
	83,972	81,636
	174,532	237,105
	206,688	31,860
	1,792,083	1,745,658
	824,280	814,178
	1,141,004	1,106,376
	34,968	49,662
	234,228	249,501
	343,676	310,746
	79,343	62,955
	2,657,499	2,593,418
	191,351	170,169
	20,815	14,830
	193,145	282,578
	405,311	467,577
	(440,006)	(437,099)
	2,622,804	2,623,896
$ 2,418,220	$23,762,976	$21,845,036

Schedule 3 General Fund Expenditures and Other Deductions by Type

	Operating Fund Account	Research and Special Projects Fund Account
Brought forward	$ 16,625,896	$ 4,718,860
Ancillary Enterprises:		
Bookstore:		
Salaries and staff benefits	85,653	
Goods for resale	579,389	
Other expenses and supplies	87,162	
Students' Union share of net income (note 6)	17,016	
	769,220	
Food Services:		
Salaries, staff benefits, administration and management fee	542,613	
Food	400,043	
Other expenses and supplies	124,772	
Utilities allocation	55,713	
	1,123,141	
Parking:		
Salaries	22,665	
Other expenses and supplies	7,935	
Mortgage payments	6,621	
Site services amortization		
	37,221	
Residence:		
Salaries and staff benefits	441,792	
Other expenses and supplies	151,254	
Utilities allocation	184,332	
Mortgage payments		216,587
	777,378	216,587
Total Ancillary Enterprises	2,706,960	216,587
Total Expenditures and Other Deductions, Statement B	$ 19,332,856	$ 4,935,447

Capital Purpose Fund Account	Total March 31 1988	Total March 31 1987
$ 2,418,220	$23,762,976	$21,845,036
	85,653	83,026
	579,389	604,017
	87,162	581
	17,016	27,360
	769,220	714,984
	542,613	605,423
	400,043	426,824
	124,772	240,814
	55,713	58,342
	1,123,141	1,331,403
	22,665	11,325
	7,935	32,813
	6,621	7,691
		60,000
	37,221	111,829
	441,792	352,110
	151,254	173,215
	184,332	195,016
	216,587	216,587
	993,965	936,928
	2,923,547	3,095,144
$ 2,418,220	$26,686,523	$24,940,180

Schedule 4 General Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health Education Tax
Academic General:				
Arts	$ 1,966,692	$ 59,382	$ 160,913	$ 46,465
Science	2,469,169	122,402	211,393	57,730
Education	1,292,199	99,937	104,009	31,436
Music	950,453	56,432	80,871	22,863
Extension	320,165	65,994	18,192	6,961
Media & Film Services		45,965	4,678	1,032
Senate				
Music Conservatory	181,265	6,137	6,295	4,180
Non-Credit Programs				
Assisted Research				
Construction, Music Building				
	7,179,943	456,249	586,351	170,667
Special Programs:				
BUNTEP	386,509	696,800	75,783	23,947
PENT	185,634	62,935	19,064	5,593
BUILD				
	572,143	759,735	94,847	29,540
Library:		711,138	61,724	15,842
Books and Periodicals				
Construction, Library Building				
		711,138	61,724	15,842
Student Services:	161,723	383,404	49,466	12,304
Scholarships				
Athletic Programs	75,886	45,417	8,679	2,795
Construction, Knowles Douglas Student Union Centre				
	237,609	428,821	58,145	15,099
Administration:				
President		194,494	29,308	3,749
Vice-President, Admin & Finance		444,683	27,921	8,295
Vice-President, Academic & Research		53,774	4,420	1,237
Board of Governors		1,344	13	30
		694,295	61,662	13,311
Carried Forward	$ 7,989,695	$3,050,238	$ 862,729	$244,459

Travel	Supplies and Other Expenses	Miscellaneous Capital	Recoveries	Total March 31 1988	Total March 31 1987
$ 54,634	$ 63,249	$ 56,283	$ (11,793)	$ 2,395,825	$ 2,253,721
73,918	215,906	271,176	(21,077)	3,400,617	2,944,307
31,642	79,308	12,630	(36,775)	1,614,386	1,441,332
35,897	60,934	7,428	(807)	1,214,071	1,277,611
18,316	46,844	43,331	(8,859)	510,944	349,945
	6,608	2,654	(2,365)	58,572	60,784
	9,367			9,367	8,485
299	893		(2,010)	197,059	176,602
	114,386			114,386	64,464
	885,548			885,548	854,346
		1,965,343		1,965,343	129,751
214,706	1,483,043	2,358,845	(83,686)	12,366,118	9,561,348
217,686	1,557,206	32,691		2,990,622	2,906,943
29,098	52,074	10,402		364,800	452,341
	1,284			1,284	940
246,784	1,610,564	43,093		3,356,706	3,360,224
8,920	67,533	43,972	(43,671)	865,458	842,233
	280,128			280,128	255,625
		56,000		56,000	
8,920	347,661	99,972	(43,671)	1,201,586	1,097,858
29,271	41,337	13,458	(2,039)	688,924	695,305
	149,477			149,477	190,667
	231,156	8,353	(118,643)	253,643	281,261
		396,877		396,877	1,417,043
29,271	421,970	418,688	(120,682)	1,488,921	2,584,276
12,345	42,001	2,303		284,200	278,122
12,895	62,102	3,710	(492)	559,114	485,634
6,507	7,792	1,104	(765)	74,069	38,713
3,045	12,044	899		17,375	69,307
34,792	123,939	8,016	(1,257)	934,758	871,776
$ 534,473	$ 3,987,177	$ 2,928,614	$ (249,296)	$19,348,089	$17,475,482

Schedule 4 General Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health & Education Tax
Brought Forward	$ 7,989,695	$3,050,238	$ 862,729	$244,459
General Support:				
Alumni		21,189	1,376	478
Director of Planning		47,285	4,082	1,070
Print Shop		50,807	4,877	1,147
Computer Services		260,884	25,046	6,252
Purchasing		30,035	2,619	643
Public Communications		29,917	2,554	670
Mail Room & Supply Office		38,241	3,585	857
Registrar		188,722	18,034	4,132
Personnel		65,390	5,521	1,473
Telephone Office		19,311	1,516	432
Fundraising		46,220	3,978	1,223
Convocation				
Sundry Projects				
Telephone & Telegraph				
Postage				
Institutional Membership Fees				
Legal and Audit				
Bad Debt Expense				
		798,001	73,188	18,377
Plant Maintenance:		680,182	128,415	15,683
Taxes				
Insurance				
Security				
Service Contracts				
Utilities				
		680,182	128,415	15,683
Steam Plant		174,909	12,754	3,688
Utilities				
		174,909	12,754	3,688
Carried Forward	$ 7,989,695	$4,703,330	$1,077,086	$282,207

Travel	Supplies & Other Expenses	Miscellaneous Capital	Recoveries	Total March 31 1988	Total March 31 1987
$ 534,473	$ 3,987,177	$ 2,928,614	$ (249,296)	$19,348,089	$17,475,482
29	29,496		(6,671)	45,897	60,207
73	765			53,275	53,086
240	103,820		(164,048)	(3,157)	(13,240)
17,899	168,482	200,228	(106,058)	572,733	406,364
65	2,636			35,998	38,120
2,810	22,582	4,406	(31)	62,908	49,843
	24,308		(15,637)	51,354	46,064
1,169	51,643	1,804	(2,612)	262,892	289,160
1,803	16,153	250	(150)	90,440	72,705
	74			21,333	26,178
11,403	38,674	1,310	(11,589)	91,219	50,412
	22,673			22,673	21,812
	327,129			327,129	442,940
	138,813		(102,721)	36,092	31,831
	89,578		(89,073)	505	(6,579)
	11,128			11,128	12,300
	83,972			83,972	81,636
	25,692			25,692	82,819
35,491	1,157,618	207,998	(498,590)	1,792,083	1,745,658
632	233,596	79,343	(165,111)	972,740	979,975
	1,084,050			1,084,050	1,056,383
	56,954			56,954	49,993
	20,597			20,597	37,531
	14,371			14,371	12,131
	343,676		(274,895)	68,781	20,306
632	1,753,244	79,343	(440,006)	2,217,493	2,156,319
	20,815			212,166	184,999
	193,145			193,145	282,578
	213,960			405,311	467,577
$ 570,596	$ 7,111,999	$ 3,215,955	$(1,187,892)	$23,762,976	$21,845,036

Schedule 4 General Fund Expenditures and Other Deductions by Account and by Funding

	Salaries Academic	Salaries Support	Benefits	Health & Education Tax
Brought Forward	$ 7,989,695	$4,703,330	$1,077,086	$282,207
Ancillary Enterprises:				
Bookstore		76,928	6,986	1,739
Cost of Sales				
Food Services		435,111	27,315	7,124
Food				
Utilities				
Residences		407,150	28,218	6,424
Utilities				
Mortgage				
Parking		22,665		
		941,854	62,519	15,287
Total Expenditures and Other Deductions, Statement B	$ 7,989,695	$5,645,184	$1,139,605	$297,494

ANNUAL FINANCIAL REPORT

Travel	Supplies & Other Expenses	Miscellaneous Capital	Recoveries	Total March 31 1988	Total March 31 1987
$ 570,596	$ 7,111,999	$ 3,215,955	$(1,187,892)	$23,762,976	$21,845,036
776	87,206	16,196		189,831	110,967
	579,389			579,389	604,017
260	209,204	371	(12,000)	667,385	806,475
	400,043			400,043	466,586
	55,713			55,713	58,342
143	149,022	2,089		593,046	525,325
	184,332			184,332	195,016
	216,587			216,587	216,587
	14,556			37,221	111,829
1,179	1,896,052	18,656	(12,000)	2,923,547	3,095,144
$ 571,775	$ 9,008,051	$ 3,234,611	$(1,199,892)	$26,686,523	$24,940,180

Schedule 5 Comparative Schedule of Revenues and Other Additions and Expenditures and Other Deductions, Ancillary Enterprises for the years ended March 31, 1988 and March 31, 1987

	Bookstore	Food Services
Revenues and Other Additions:		
Room and board fees	$	$ 785,830
Conventions		79,715
Canteen and vending machines		243,654
Internal functions		39,069
Other	132,283	39,089
Book sales	653,576	
Grant from Universities Grants Commission		
Total Revenues and Other Additions, Statement B	785,859	1,187,357
Expenditures and Other Deductions:		
Salaries	76,928	435,111
Staff benefits	8,725	34,439
Cost of goods sold	579,389	400,043
Management fee		73,063
Supplies and other expenses	70,966	136,401
Mortgage payments		
Utilities		55,713
Students' Union share of Bookstore profit	17,016	
Equipment, alterations and other	16,196	371
Site services amortization		
Total Expenditures and Other Deductions, Statement B	769,220	1,135,141
Net Revenues and Other Additions (Net Expenditures and Other Deductions) for the year before Recovery	16,639	52,216
Recovery of prior years' Capital Expenditure		12,000
Net Revenues and Other Additions (Net Expenditures and Other Deductions)	$ 16,639	$ 64,216

ANNUAL FINANCIAL REPORT

Parking	Residence	Total March 31 1988	Total March 31 1987
$	$ 613,601	$ 1,399,431	$ 1,453,391
	18,637	98,352	79,001
	8,387	252,041	309,298
		39,069	59,883
43,767	38,238	253,377	243,616
		653,576	618,964
	216,587	216,587	216,587
43,767	895,450	2,912,433	2,980,740
22,665	407,150	941,854	852,903
	34,642	77,806	76,022
		979,432	1,045,240
		73,063	122,959
7,935	149,165	364,467	384,524
6,621	216,587	223,208	224,219
	184,332	240,045	258,560
		17,016	27,360
	2,089	18,656	43,357
			60,000
37,221	993,965	2,935,547	3,095,144
6,546	(98,515)	(23,114)	(114,404)
		12,000	
$ 6,546	$ (98,515)	$ (11,114)	$ (114,404)

Schedule 6 Scholarship and Endowment Trust Fund Account

RESTRICTED FUNDS:	Capital	Current	Total
Adams, Norman and Norah Scholarship Fund	$ 475	$ 13	$ 488
Alumni BUSU Sign Fund	275	67	342
Alumni Equipment Fund	190	153	343
Alumni Library Fund			
Annual Donor Scholarship Fund		16,830	16,830
Art Exhibition Fund	785	953	1,738
Bain, Lillian Memorial Scholarship Fund	2,320	1,140	3,460
Bilous, Procop and Dora Memorial Fund	1,100	564	1,664
Brandon Sun Centennial Chair in Journalism	10,000	(517)	9,483
Brandon University Athletic Awards Fund		2,837	2,837
Brandon University Development Fund	3,555	4,037	7,592
Bremner, Elizabeth Ann Award	2,507	267	2,774
Brown, Ian & Shirley Fund	1,277	1,128	2,405
Building from Strength Campaign		8,275	8,275
Cameron, Una B. Memorial Fund	10,000	8,043	18,043
Campus Concert Series Fund		3,581	3,581
Chaudhari, Dr. D.K. Memorial Bursary Fund	5,142	1,660	6,802
Chemistry Department Endowment Fund	120		120
Chevron Standard Ltd. Award		4,072	4,072
Christie, E.L. Memorial Fund	15,000	24,941	39,941
Christie, James Memorial Scholarship Fund	4,000	386	4,386
Clark, A. Memorial Book Prize	220	585	805
Corrigan Library Fund for Native Literature	496	927	1,423
Crescam Serviendo Award	675	96	771
Cumming, William Purdon Memorial Fund	5,000	5,103	10,103
Demchuk, Dr. N. Memorial Scholarship Fund	27,500	4,154	31,654
Dinsdale, W. Memorial Lecture Series	235	132	367
Dobson, Peter Memorial Scholarship Fund	600	36	636
Douglas, Isabelle Estate	5,000	6,286	11,286
Evans, J.R.C. Masonic Memorial Fund	2,415	1,769	4,184
Evans, J.R.C. Loan Fund	114,000	27,675	141,675
Faculty and Friends of the School of Music		74	74
Faculty of Education Endowment Fund	165		165
Fraser, Merle (Lund) Memorial Bursary Fund	2,025	227	2,252
Friends of the Conservatory		(518)	(518)
Geography Scholarship Fund	1,130	30	1,160
Geography Department Endowment Fund	120		120
Geology Department Endowment Fund	3,315	72	3,387
Hannah, R. H. Scholarship Fund	1,250	179	1,429
Hargraves-Mawdsley, Josefina Estate	50,000	755	50,755
Hargraves-Mawdsley, N. Memorial Fund	1,695	820	2,515
Harvey, Ian J. Memorial Scholarship Fund	2,569	190	2,759
Hendzel, Gus Memorial Fund	2,200	815	3,015
Hill, Helen Memorial Scholarship Fund	5,100	192	5,292
Inch, Elizabeth and R.B. United Nations Fund	5,000	2,727	7,727
James of Goodlands Bursary Fund	3,000	1,445	4,445
Kidd, A. Vincent Memorial Scholarship Fund	6,265	5,961	12,226
Knowles, Stanley Visiting Professorship	146,300	448	146,748
Kyte, Delia Memorial Scholarship Fund	2,000	118	2,118
Lang, R. J. Memorial Fund	5,000	5,522	10,522
Library Development Fund	2,307	882	3,189
Lightbody, Dr. C.W. Memorial Fund	2,736	5,372	8,108
Lobodowsky, Dr. V. L. Fund		15,302	15,302
Lussier, Napoleon Memorial Fund	1,260	738	1,998
Carried Forward	$ 456,324	$ 166,544	$ 622,868

RESTRICTED FUNDS:	Capital	Current	Total
Brought Forward	$ 456,324	$ 166,544	$ 622,868
MacDowell, G.F. Economics Library Fund	25,000	3,423	28,423
MacDowell, G.F. General Library Fund	50,000	8,197	58,197
MacDowell, G.F. Memorial Scholarship Fund	50,000	5,247	55,247
MacIntyre, Alexander Prize in Education	2,500	5,867	8,367
MacNeill, Dr. G. Estate	6,728	4,067	10,795
Mann, Jean Memorial Fund	2,000	2,165	4,165
Mathematics/Computer Science Endowment Fund	392	7	399
McCarthy, R.J. Memorial Scholarship Fund	812	1,290	2,102
McGinn, J.A. Fellowship	2,200	925	3,125
McGregor, W. Memorial Fund	2,400	1,622	4,022
McKenzie, A.E. Foundation	305,777	6,062	311,839
McLeod, Dr. J.A. Scholarship Fund	1,310	1,116	2,426
McMillan, Neil Scholarship Fund	5,600	4,617	10,217
Music Bursary Fund		1,006	1,006
Native Studies Department Endowment Fund	482	5	487
Nursing Department Endowment Fund	490	10	500
Orchard Memorial Fund	3,500	5,176	8,676
Patmore, R. H. Memorial Fund	10,000	4,138	14,138
Penton, Terry Scholarship Fund	16,125	1,637	17,762
Perdue, Dr. H.S. Memorial Scholarship Fund	2,045	712	2,757
Philosophy Department Endowment Fund	50		50
Political Science Department Endowment Fund	40		40
Popper, Karl Scholarship in Philosophy	3,300	75	3,375
Riley, Christopher Estate	34,674	35,696	70,370
Robbins, John and Catherine Scholarship Fund	36,006	11,211	47,217
Rowe, G. R. Memorial Fund	10,000	28,146	38,146
School of Music Building Fund		234,312	234,312
School of Music Endowment Fund	997	7	1,004
Sharpe, Peggy Piano Scholarship Fund	4,595	150	4,745
Simmons, R. Murray Memorial Fund	6,262	3,317	9,579
Smart, John Gregson Memorial Fund	12,500	2,835	15,335
Smart, Mary Development Fund	25,000	2,321	27,321
Smart, Mary Memorial Scholarship Fund	75,000	10,380	85,380
Sorensen, Tina Memorial Fund		5,285	5,285
Stewart, Dr. D. B. Scholarship Fund	1,250	179	1,429
Stott-McMillan, M. Scholarship Fund	4,000	1,930	5,930
Students Benevolent Fund		2,413	2,413
SUSA Trust Fund		28,121	28,121
Taylor, B.H. Memorial Bursary Fund	2,950	396	3,346
Taylor, Laura Grace Scholarship Fund	25,054	807	25,861
Tolton, J.H. Memorial Scholarship Fund	5,000	84	5,084
Vasey, Jane Memorial Fund	15,801	2,269	18,070
Vining, Abbie and Arthur Memorial Fund	20,000	39,122	59,122
Whiteside, E. A. Fund	2,300	9,526	11,826
Whyte, Alex Memorial Fund	7,477	4,900	12,377
Wong, W. G. Scholarship Fund	2,173	496	2,669
Wright, Don Scholarships in Music	28,000	3,260	31,260
Wright, W.L. and A.E. Memorial Fund	2,010	1,596	3,606
Zonta Club Scholarship	5,000	865	5,865
Zoology Department Endowment Fund	1,000	29	1,029
Carried Forward	$ 1,274,124	$ 653,561	$ 1,927,685

	Capital	Current	Total
Brought Forward	$ 1,274,124	$ 653,561	$ 1,927,685
UNRESTRICTED FUNDS:			
Alumni Endowment Fund	2,125	32	2,157
Alumni General Fund		3,661	3,661
Bass, W.K. Estate Bequest	5,000	403	5,403
Brandon University Association Fund	5,935	478	6,413
Brandon University Development Fund	5,312	428	5,740
Building from Strength Campaign		186,370	186,370
Clark, Carrie B. Estate	4,022	3,174	7,196
Class of 1930 Gift	2,495	201	2,696
Class of 1931 Gift	1,475	119	1,594
Class of 1934 Gift	600	48	648
Diefenbaker, John G. Estate	1,100	673	1,773
Dulmage, Dr. A. L. Fund	4,290	1,978	6,268
Fenwick, Thomas F. Estate	7,140	575	7,715
Fraser, Blair Memorial Fund	500	417	917
Gainer, Pearl Edith Estate	14,990	1,207	16,197
MacDowell, G.F. Gift	111,478	5,248	116,726
Research Endowment Fund	621	5	626
Sanders, C. J. Estate	596,457	1,088	597,545
Whitfield-Clark, Dr. C. Memorial Fund	11,510	7,492	19,002
Woodhull, Lillian K. Estate	500	40	540
	775,550	213,637	989,187
Balance at end of year, Statement D	$ 2,049,674	$ 867,198	$ 2,916,872

Manitoba

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Report of the Provincial Auditor's Office

We have examined the Balance Sheet, and the Statement of Income and Retained Earnings, for Brandon University Holding Company Limited for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Brandon University Holding Company Limited as at March 31, 1988, and the results of its operations for the year then ended, in accordance with the accounting policies in note 2 to the financial statements, applied on a basis consistent with that of the preceding year.

Fred H Jackson
F. H. Jackson, CA
Provincial Auditor

September 2, 1988
Winnipeg, Manitoba

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Balance Sheet
As at 31 March 1988

	1988	1987
ASSETS		
Current		
Due from Brandon University	$ -	$ 1
Investment in WESTARC Group Inc., note 2(b)	155,592	124,702
	$ 155,592	$ 124,703
LIABILITIES & SHAREHOLDER'S EQUITY		
Current		
Due to WESTARC Group Inc.	$ 1	$ 1
Due to Brandon University	155	-
	156	1
Share Capital, note 3	1	1
Retained Earnings	155,435	124,701
	155,436	124,702
	$ 155,592	$ 124,703

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Statement of Income and Retained Earnings
For the Year Ended 31 March 1988

	1988	1987
REVENUES		
Investments	$ 40,890	$ 81,086
EXPENSES		
Legal Fees	156	-
NET INCOME FOR THE YEAR	40,734	81,086
Plus Retained Earnings, Beginning of Year	124,701	43,615
AVAILABLE FOR DISTRIBUTION	165,435	124,701
Less Dividends Paid	10,000	-
RETAINED EARNINGS, End of Year	$ 155,435	$ 124,701

BRANDON UNIVERSITY HOLDING COMPANY LIMITED

Notes to Financial Statements
For the Year Ended 31 March 1988

1. STATUS AND NATURE OF THE CORPORATION AND SUBSIDIARY

Brandon University Holding Company Limited was incorporated as a wholly-owned subsidiary of Brandon University in 1985. The Holding Company was established for the purpose of holding shares in subsidiary companies. The subsidiary company, WESTARC Group Inc., was set up to achieve a dissemination of expertise from the University to the public and private sectors.

WESTARC Group Inc., a wholly-owned subsidiary of Brandon University Holding Company Limited, was incorporated in 1985.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Company:

(a) The financial statements have been prepared on the accrual basis.

(b) Investments in subsidiary operations are accounted for by the equity method. That is, the net income of the subsidiary operations attributable to the Brandon University Holding Company Limited is reflected in the Holding Company's statements.

3. SHARE CAPITAL

Authorized
Unlimited Number of One Class Common Shares

Issued		
One Common Share	$1	$1

4. WHOLLY-OWNED SUBSIDIARIES

Brandon University Holding Company wholly-owns WESTARC Group Inc. Following is a brief summary of the transactions of WESTARC Group Inc.:

	1988	1987
Revenue	$ 516,287	$ 409,968
Expenses	475,397	328,882
Net Income	$ 40,890	$ 81,086

5. GENERAL COMMENTS

(a) Brandon University provides the Company with various administrative services at no cost.

(b) Prior years figures were audited as part of the audit of Brandon University.

Manitoba

BRANDON UNIVERSITY RETIREMENT PLAN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits 1, 2 and 3, of the Brandon University Retirement Plan for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Plan as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred W. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

August 31, 1988,
Winnipeg, Manitoba.

Exhibit 1

BRANDON UNIVERSITY RETIREMENT PLAN

Balance Sheet
as at December 31, 1987
(with 1986 figures for comparison)

ASSETS

	1987	1986
Accounts Receivable	$ 128,546	$ 111,938
Held by The Great-West Life Assurance Company		
Deposit Fund	152,912	235,810
Mortgage Fund	2,640,379	3,685,813
Canadian Equity Fund	812,719	-
Bond Fund	4,799,794	1,645,107
Canadian Equity Index Fund	5,470,602	5,920,909
Real Estate Fund	1,725,810	1,518,467
Money Market Fund	1,619,864	2,160,749
U.S. Equity Fund	1,504,432	1,613,322
Transaction Account	(83,746)	(13,072)
	18,642,766	16,767,105
TOTAL ASSETS	$ 18,771,312	$ 16,879,043

LIABILITIES

	1987	1986
Accounts Payable	$ 5,685	$ 4,500
Reserve for Present and Future Pension Benefits, Exhibit 2	18,765,627	16,874,543
TOTAL LIABILITIES	$ 18,771,312	$ 16,879,043

The accompanying notes are an integral part of the financial statements.

Exhibit 2

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in the Reserve for Present and Future Pension Benefits for the year ended December 31, 1987 (with 1986 figures for comparison)

	1987	1986
Additions:		
Contributions:		
Members, regular	$ 682,662	$ 627,633
Members, voluntary	7,161	49,183
University, regular	571,081	527,473
	1,260,904	1,204,289
Experience refund, prior plan	29,374	32,152
Investment income, Exhibit 3	1,006,201	1,572,658
Total Additions	2,296,479	2,809,099
Deductions:		
Benefits:		
Retirements	105,047	39,986
Refunds	193,951	84,857
Deaths	1,357	15,164
	300,355	140,007
Special payments (Note 2(c))	-	12,887
Administration Expenses:		
Actuarial and consulting fees	11,189	6,272
Agency fees	85,150	83,776
Audit fees	4,650	4,500
Trustee expenses	4,051	3,925
	105,040	98,473
Total deductions	405,395	251,367
Net increase for the year	1,891,084	2,557,732
Balance at beginning of year	16,874,543	14,316,811
Balance at end of year, Exhibit 1	$ 18,765,627	$ 16,874,543

The accompanying notes are an integral part of the financial statements.

Exhibit 3

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Investment Income
for the year ended December 31, 1987
(with 1986 figures for comparison)

	Interest and Dividends	Adjustments to Market Values	Total 1987	Total 1986
Investment Income, (Note 1(b))				
Deposit Fund	$ 13,949	$	$ 13,949	$ 21,208
Mortgage Fund	327,570	(103,005)	224,565	392,036
Canadian Equity Fund		(187,281)	(187,281)	
Bond Fund	329,999	(175,311)	154,688	208,383
Canadian Equity Index Fund		549,694	549,694	389,861
Real Estate Fund		207,343	207,343	171,104
Money Market Fund	149,114		149,114	169,098
U.S. Equity Fund		(108,889)	(108,889)	224,023
Transaction Account	3,018		3,018	(3,055)
Investment Income, Exhibit 2	$ 823,650	$ 182,551	$ 1,006,201	$ 1,572,658

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Notes to the Financial Statements
December 31, 1987

1. ACCOUNTING POLICIES:

(a) The Brandon University Retirement Plan follows the accrual basis of accounting.

(b) Investments are stated at market value as at each fiscal year end. The market value of the investments is supplied by The Great-West Life Assurance Company. The increase or decrease in value of the investments is reflected in the income for the fiscal year.

2. GENERAL COMMENTS:

(a) The Brandon University Retirement Plan is a Trusteed Plan established April 1, 1974. The assets of the Plan are held in the name of the Trustees of Brandon University. There are nine trustees and an Investment Committee of three members. The Great-West Life Assurance Company administers the Plan under the terms of an agreement entered into with the Trustees dated January 1, 1979.

(b) The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis. An actuarial valuation to determine the Plan's position, as required by The Pension Benefits Act of Manitoba, was completed as at January 1, 1987. This valuation established a Plan surplus of $2.027 million as at that date. The next actuarial valuation is required as at January 1, 1990.

(c) In 1986, the Plan made special payments in the total amount of $12,887 to The Great-West Life Assurance Company to complete the purchase of annuities, effective August 1, 1985, for the improvement of pension benefits being paid to members of the prior plan in accordance with an amendment to the Plan approved effective April 1, 1985.

(d) Brandon University provides the services of support staff and other miscellaneous administrative services at no charge to the Plan.

3. RESTATEMENT OF ACCOUNTS:

Comparative figures for the year ended December 31, 1986 have been restated where necessary to conform with the presentation adopted for the year ended December 31, 1987.

Manitoba

CHANNEL AREA LOGGERS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Channel Area Loggers Ltd. as at March 31, 1988 and the statement of revenues and expenditures, the statement of changes in financial position and the schedules of operating expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 14, 1988,
Winnipeg, Manitoba.

CHANNEL AREA LOGGERS LTD. EXHIBIT A

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS	1988	1987
CURRENT ASSETS:		
Accounts receivable (Note 3)	$ 184,212	$ 162,933
Subsidy receivable from the Government of the Province of Manitoba	216,072	26,430
Inventories (Note 4)	71,676	77,333
Prepaid expenses	515	613
Total current assets	472,475	267,309
FIXED ASSETS (Note 5)	508,165	463,697
Less accumulated depreciation	294,357	262,297
Net fixed assets	213,808	201,400
GUARANTEE DEPOSIT WITH THE GOVERNMENT OF THE PROVINCE OF MANITOBA	900	900
TOTAL	$ 687,183	$ 469,609
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Excess of outstanding cheques over bank balances	$ 118,463	$ 9,188
Bank demand loan (Note 6)	195,000	80,000
Accounts payable (Note 7)	73,630	80,331
Total current liabilities	387,093	169,519
SHAREHOLDERS' EQUITY		
Capital stock (Note 8):		
Authorized: 35,000 common shares, maximum consideration not to exceed $350,000		
Issued: 30,009 shares	300,090	300,090
TOTAL	$ 687,183	$ 469,609

EXHIBIT B

CHANNEL AREA LOGGERS LTD.

Statement of Revenues and Expenditures
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
REVENUES:		
Pulpwood sales	$ 1,045,697	1,258,316
Commissary sales	163,444	209,905
Board charges	22,205	32,333
Miscellaneous	20,705	48,319
Reforestation program	-	100,403
Log sales	-	10,066
Total revenues	1,252,051	1,659,342
EXPENDITURES:		
Direct logging costs (Schedule 1)	1,104,412	1,200,351
General and administrative (Schedule 2)	246,315	208,783
Commissary	131,683	167,180
Reforestation program	-	99,150
Total expenditures	1,482,410	1,675,464
	(230,359)	(16,122)
OTHER INCOME		
Gain on disposal of fixed assets	12,527	3,191
Excess (deficiency) of revenues over expenditures before operating assistance from the Government of the Province of Manitoba	(217,832)	(12,931)
Operating assistance from the Government of the Province of Manitoba - General subsidy	207,541	8,531
- Specific subsidy	10,291	4,400
	217,832	12,931
EXCESS OF REVENUES OVER EXPENDITURES	$ -	$ -

EXHIBIT C

CHANNEL AREA LOGGERS LTD.

Statement of Changes in Financial Position
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
CASH PRODVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Items not involving cash:		
Depreciation	$ 63,361	$ 45,892
Gain on disposal of fixed assets	(12,527)	(3,191)
	50,834	42,701
Net change in non-cash working capital balances related to operations	(211,867)	213,703
	(161,033)	256,404
INVESTING ACTIVITIES:		
Additions to fixed assets	(97,923)	(23,879)
Net proceeds from disposal of fixed assets	34,681	9,900
	(63,242)	(13,979)
INCREASE (DECREASE) IN CASH	(224,275)	242,425
CASH DEFICIENCY AT BEGINNING OF PERIOD	(89,188)	(331,613)
CASH DEFICIENCY AT END OF PERIOD	$ (313,463)	$ (89,188)
Represented by:		
Bank loan	$ (195,000)	$ (80,000)
Outstanding cheques	(118,463)	(9,188)
	$ (313,463)	$ (89,188)

CHANNEL AREA LOGGERS LTD.

Schedule of Direct Logging Costs for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
INVENTORY AT BEGINNING OF THE YEAR	$ -	$ 29,127
PRODUCTION EXPENSES:		
Contract wood purchases	384,695	442,618
Cutters wages and fringe benefits	186,693	199,487
Depreciation	28,145	13,154
Transportation:		
Contract hauling to landing	223,388	252,320
Forwarding to roadside	5,597	6,610
Freight and fuel movement	9,448	9,704
Personnel transport	10,496	12,754
Road construction and maintenance, net	140,693	117,476
Timber dues	33,688	46,488
Supervision	4,834	5,528
Repairs and maintenance	33,926	36,195
Sundry	2,206	659
Kitchen and dormitory	40,603	28,231
Total production expenses	1,104,412	1,171,224
INVENTORY AT END OF YEAR	-	-
DIRECT LOGGING COSTS, EXHIBIT B	$ 1,104,412	$ 1,200,351

SCHEDULE 2

CHANNEL AREA LOGGERS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Salaries, wages and fringe benefits	79,048	75,773
Depreciation	35,216	32,738
Insurance	33,202	30,468
Interest and service charges	19,272	11,948
Legal, audit and accounting	18,997	24,614
Consulting fees	18,212	-
Taxes, licences and fees	12,288	919
Bad debts	8,048	4,848
Mobile home	7,318	6,968
Communications	4,761	5,814
Directors' fees	3,842	3,745
Office supplies and utilities	2,876	3,535
Travel and accommodation	2,497	5,304
Miscellaneous	675	1,619
Directors' travel and accommodation	63	490
GENERAL AND ADMINISTRATIVE EXPENSES, EXHIBIT B	$ 246,315	$ 208,783

CHANNEL AREA LOGGERS LTD.

Notes to the Financial Statements
March 31, 1988

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1. Nature of Operations

Channel Area Loggers Ltd. was established in 1973 under the Manitoba Natural Resources Development Act for the purpose of establishing an economically viable logging operation creating employment and training opportunities for residents of Berens River and surrounding communities.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Company.

General:

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Inventories:

Pulpwood inventory is valued at the lower of cost or net realizable value based upon the agreed price of deliveries to the purchaser, less an allowance for cullage and shrinkage.

Other inventories are valued at cost.

Fixed assets:

Fixed assets are stated at cost. It is the company's policy to provide for depreciation of fixed assets on the basis shown in note 5.

Revenue recognition:

Pulpwood sales are recognized on the basis of pulpwood delivered to landing and scaled in accordance with the terms of the sales contract.

Administrative Expenses:

Certain administrative expenses, as detailed in Note 9, are provided at no charge by the Government of the Province of Manitoba.

3. Accounts Receivable

The major categories of accounts receivable are:

	1988	1987
General	$ 153,681	$ 114,359
Government of the Province of Manitoba	10,291	4,400
Contract cutters	20,240	44,174
	$ 184,212	$ 162,933

4. Inventories

The major categories of inventory are:

	1988	1987
Commissary supplies	1,489	1,548
Parts and supplies	19,121	24,206
Gasoline, diesel fuel and oil	48,850	48,414
Kitchen supplies	2,216	3,165
	$ 71,676	$ 77,333

5. Fixed Assets

The major categories of fixed assets and related accumulated depreciation at March 31, 1988 are:

	Cost	Accumulated Depreciation	Rates
Buildings and Trailers	$ 319,847		
Less: Funded by the Government of Canada	67,298		
	252,549	159,349	10%
Machinery and Equipment	415,706		
Less: Funded by the Government of the Province of Manitoba and the Government of Canada	160,090		
	255,616	135,008	10-25%
Road	273,164		
Less: Funded by the Government of Canada	273,164		
	-	-	
	$ 508,165	$ 294,357	

It is the company's practice to provide for depreciation of buildings, trailers, machinery and equipment under the straight-line basis at the rates shown above.

6. Bank Demand Loan

The bank demand loan is guaranteed by the Government of the Province of Manitoba to a maximum of $500,000 including unpaid interest.

7. Accounts Payable

The major categories of accounts payable are:

	1988	1987
Trade	$ 19,876	$ 15,474
Wage deductions	17,667	2,837
Employees	-	8,846
Government of the Province of Manitoba	36,087	53,174
	$ 73,630	$ 80,331

8. Capital Stock

The issued shares are held by the Government of the Province of Manitoba except for nine shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba.

9. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides the services of the Secretary-Treasurer and other miscellaneous administrative services at no charge to the Company. The cost of these services is approximately $46,000 (1987 - $55,000). The Government of the Province of Manitoba also provides Workers Compensation coverage for Company staff at no charge to the Company.

10. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba.

Manitoba

THE CIVIL SERVICE SUPERANNUATION FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements on a basis consistent with that of the preceding year.

Fred H Jackson

F. H. Jackson, CA,
Provincial Auditor.

March 11, 1988,
Winnipeg, Manitoba.

Exhibit A

THE CIVIL SERVICE SUPERANNUATION FUND
Balance Sheet as at December 31, 1987
(with 1986 figures for comparison)

	1987	1986
ASSETS		
Cash	$ 1,523,447	$ 690,233
Employees' and employers' contributions and payments receivable	604,088	434,190
Investments, Schedule 1, Note 2(b)	737,580,025	650,687,293
Accrued investment income	11,032,785	12,227,483
Debt due from the Province of Manitoba, Note 2(c)	1,826,300	1,826,300
Furniture, fixtures and equipment, Note 2(d)	1	1
Computer equipment, Note 2(e) at cost less accumulated amortization: 1987 - $89,812 1986 - $51,139	142,222	90,474
Computer programs development expenses, Note 2(e) at cost less accumulated amortization: 1987 - $31,805 1986 - $28,756	9,704	12,188
	$752,718,572	$665,968,162
LIABILITIES		
Accounts payable	$ 64,781	$ 23,283
Contributions received in advance	1,212,634	-
Money purchase accounts plan, Exhibit E, Note 5	356,445	151,059
Accumulated unrealized foreign exchange, Note 6	(168,072)	192,564
Provision for investment losses, Exhibit C, Note 2(b)(v)	1,435,204	697,624
Superannuation indexing adjustment account, Exhibit D, Note 2(f)	43,186,630	39,014,467
Reserve for present and future benefits, Exhibit B	706,630,950	625,889,165
	$752,718,572	$665,968,162

Exhibit B

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Reserve for Present and Future Benefits
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Additions:		
Employers' and employees' payments and contributions, Schedule 2	$ 74,153,933	$ 66,731,516
Investment income, net, Schedule 3	71,599,936	67,246,296
Interest on debt due from the Province of Manitoba, Note 2(c)	73,052	73,052
Bank and other interest	111,049	75,020
Total additions	145,937,970	134,125,884
Deductions:		
Superannuation and supplementary allowances	54,637,382	47,106,830
Refunds of contributions and interest	5,104,541	4,356,138
Payments of employee contributions to other pension plans	301,936	282,718
Administrative expenses, net, Schedule 4	980,163	723,669
	61,024,022	52,469,355
Transfer:		
Net transfer to superannuation indexing adjustment account, Exhibit D	4,172,163	4,263,415
Total deductions	65,196,185	56,732,770
Net increase for the year	80,741,785	77,393,114
Balance at beginning of year	625,889,165	548,496,051
Balance at end of year, Exhibit A	$706,630,950	$625,889,165

Exhibit C

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Provision for Investment Losses for the year ended December 31, 1987 (with 1986 figures for comparison)

	1987	1986
Addition:		
Transfer from investment income, Schedule 3	$ 737,580	$ 650,687
Total addition	737,580	650,687
Deduction:		
Net write-down of permanently impaired investments	-	847,050
Total deduction	-	847,050
Net increase (decrease) for the year	737,580	(196,363)
Balance at beginning of year	697,624	893,987
Balance at end of year, Exhibit A	$ 1,435,204	$ 697,624

Exhibit D

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Changes in the Superannuation Indexing Adjustment Account
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Additions:		
Allocation of 10.2% of employees' contributions	$ 4,663,735	$ 4,332,794
Interest	4,762,586	4,293,988
Total additions	9,426,321	8,626,782
Deductions:		
Charge for one-half of all superannuation adjustments	5,254,158	4,363,367
Total deductions	5,254,158	4,363,367
Net transfer from reserve for present and future benefits, Exhibit B	4,172,163	4,263,415
Balance at beginning of year	39,014,467	34,751,052
Balance at end of year, Exhibit A	$43,186,630	$39,014,467

Exhibit E

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Money Purchase Accounts Plan
for the year ended December 31, 1987

(with 1986 figures for comparison)

	1987	1986
Additions:		
Deposits	$ 215,407	$ 92,305
Interest income	18,317	7,683
	233,724	99,988
Deductions:		
Refund of deposits	14,010	1,421
Transfer to Civil Service Superannuation Fund re annuity, Schedule 2	11,546	-
Administration fees charged by Civil Service Superannuation Fund	2,782	1,554
	28,338	2,975
Increase for the year	205,386	97,013
Balance at beginning of year	151,059	54,046
Balance at end of year, Exhibit A, Note 5	$ 356,445	$ 151,059

Schedule 1

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 1987

	Par Value	Book Value
Fixed income investments, Note 2(b)(i)		
Term deposits	$ 90,549,583	$ 90,549,583
Bonds and debentures		
Government of Canada	$ 41,675,000	42,798,572
Province of Manitoba	27,083,000	26,946,901
Province of Nova Scotia	1,600,000	1,600,000
Province of Ontario	24,625,000	24,626,828
Province of Saskatchewan	4,000,000	4,000,000
Hospitals	3,953,750	3,953,750
Municipal Corporations	7,928,000	7,957,280
Corporations	246,308,259	243,718,362
	$357,173,009	355,601,693
Pooled bond funds		4,330,069
		359,931,762
Mortgages		
Insured, National Housing Act (Canada)	$ 81,771,397	77,085,155
Uninsured	51,678,256	51,652,787
	$133,449,653	128,737,942
Pooled mortgage funds		7,242,247
		135,980,189
Unamortized losses (gains) on disposition		(138,626)
Total fixed income investments at amortized cost		586,322,908
Equity investments, Note 2(b)(iii)		
Common stock		2,396,232
Pooled equity funds		
Canadian		32,619,993
Non-Canadian		40,787,785
Petroleum and natural gas investments		
Shares and pooled funds		11,741,185
Investment in subsidiary, Notes 2(b)(ii) and 4		5,985,015
Venture capital, limited partnerships		4,006,315
Real estate, Note 2(b)(iv)		
Participating bonds		26,852,231
Qualifying shares		2,063,800
Units of pooled real estate		10,985,649
Accumulated unrealized appraisal adjustments		14,486,415
Unamortized losses (gains) on disposition		(667,503)
Total equity investments		151,257,117
Total investments, Exhibit A		$737,580,025

Schedule 2

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Payments and Contributions for the year ended December 31, 1987

	Employers' payments and contributions	Employees' payments and contributions	Total
Province of Manitoba Civil Service	$13,097,300	$25,042,777	$38,140,077
Manitoba Telephone System	6,499,002	7,361,268	13,860,270
Manitoba Hydro-Electric Board	4,746,464	6,919,434	11,665,898
Liquor Control Commission	1,057,741	621,223	1,678,964
Manitoba Health Services Commission	469,571	1,019,217	1,488,788
Manitoba Public Insurance Corporation	138,771	1,728,723	1,867,494
Manitoba Agricultural Credit Corporation	69,592	106,822	176,414
Manitoba Crop Insurance Corporation	74,610	203,909	278,519
Manitoba Development Corporation	13,962	22,950	36,912
Communities Economic Development Fund	2,870	32,691	35,561
Teachers' Retirement Allowances Fund Board	-	36,564	36,564
Civil Service Superannuation Board	-	40,032	40,032
Workers Compensation Board	34,140	-	34,140
Manitoba Hog Producers' Marketing Board	31,934*	31,935	63,869
Local Government Districts	2,783*	2,783	5,566
Manitoba Government Employees' Association	65,911*	65,912	131,823
Universities Grants Commission	7,624	11,202	18,826
Manitoba Centennial Centre Corporation	42,361	86,763	129,124
Manitoba Milk Producers' Marketing Board	33,157*	33,157	66,314
Housing Authorities	253,799*	254,988	508,787
Manitoba Water Services Board	18,076*	18,076	36,152
Manitoba Turkey Producers' Marketing Board	9,242*	9,242	18,484
Alcoholism Foundation of Manitoba	41,606	301,553	343,159
Manitoba Horse Racing Commission	-	14,280	14,280
Manitoba Data Services	12,604	406,586	419,190
Manitoba Research Council	185,843*	147,272	333,115
Manitoba Beef Commission	25,841*	25,580	51,421
Manitoba Lotteries Foundation	1,875	153,239	155,114
The Legal Aid Services Society of Manitoba	-	153,224	153,224
Manitoba Energy Authority	-	14,528	14,528
Public Schools Finance Board	-	1,048	1,048
Human Resources Opportunity Centres	92,201*	92,201	184,402
Public Investments Corporation of Man.	-	2,834	2,834
Employees on workers compensation	-	2,361	2,361
Employees on loan	19,862	19,862	39,724
Repayment of contributions previously refunded	-	75,250	75,250
Payments based on prior non-pensionable employment	859,464	748,136	1,607,600
Payments based on war service	-	18,138	18,138
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	-	408,421	408,421
Transfer from Money Purchase Plan, Exhibit E	-	11,546	11,546
Total payments and contributions, Exhibit B	$27,908,206	$46,245,727	$74,153,933

*Employers' contributions based on employees' remuneration

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Investment Income
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Fixed income:		
Interest	$ 59,278,295	$ 54,981,749
Foreign exchange, Note 6	(42,018)	48,141
Amortization of discounts (premiums), net, Note 2(b)(i)	342,235	416,111
Amortization of realized gains, Note 2(b)(i)	564,265	730,917
Transfer to provision for investment losses, Exhibit C, Note 2(b)(v)	(737,580)	(650,687)
	59,405,197	55,526,231
Equity income:		
Net income of the subsidiary, Note 4	576,545	754,343
Real estate dividends and interest, Note 2(b)(iv)	3,512,467	3,011,129
Other dividends and interest	4,832,667	3,000,511
Unrealized appraisal adjustments, Note 2(b)(iii)	3,343,558	5,109,820
Amortization of realized gains, Note 2(b)(iii)	204,172	36,976
	12,469,409	11,912,779
Gross investment income	71,874,606	67,439,010
Less, investment related expenses, Note 7	(274,670)	(192,714)
Total net investment income, Exhibit B	$ 71,599,936	$ 67,246,296

Schedule 4

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Salaries and fringe benefits:		
Salaries - permanent staff	$ 756,014	$ 622,937
Salaries - part-time staff	4,082	10,967
Fringe benefits	45,659	39,113
Pensions paid - employer cost	18,306	18,130
Health and post-secondary education tax levy	17,868	10,682
	841,929	701,829
Professional fees:		
Actuary - pension	83,728	45,334
Audit	35,975	33,200
	119,703	78,534
Computer related costs:		
Amortization of equipment	38,673	23,602
Amortization of program development expense	3,049	2,954
Maintenance and supplies	13,738	10,828
	55,460	37,384
Printing and stationery:		
Microfilming	4,471	3,282
Photocopy service	6,367	4,685
Printing	24,758	30,888
Stationery and supplies	24,980	22,055
	60,576	60,910
Other:		
Bank and investment management	21,945	22,113
Education	6,712	1,028
Furniture and fixtures	35,728	6,659
Machine rentals and servicing	6,657	3,589
Medical examinations	9,993	5,899
Miscellaneous	16,924	15,790
Seminars and travelling	11,856	13,194
Telephone, postage and delivery	33,181	21,407
	142,996	89,679
Subtotal, carried forward	$1,220,664	$ 968,336

Schedule 4

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Subtotal, brought forward	$1,220,664	$ 968,336
Less:		
Operating recoveries:		
Public Service Group Insurance Fund administration	(79,237)	(117,410)
Municipal Employees Benefits Board administration	(52,729)	(41,419)
Money Purchase Accounts Plan, Note 5	(2,782)	(1,554)
Investment administrative expenses, Note 7	(105,753)	(84,284)
Total administrative expenses, net, Exhibit B	$ 980,163	$ 723,669

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1987

1. Nature of the Organization

The Civil Service Superannuation Fund is the pension plan for employees of the Government of Manitoba and its agencies as listed in Schedule 2. The employee contributions to the Fund and the employer contributions, where matching contributions are required, are administered by the Civil Service Superannuation Board. In addition, the Fund collects from the non-matching employers 50% of the monthly pension, including indexing adjustments, paid in respect of retired employees or surviving beneficiaries, and 50% of any vested amounts transferred out of the Fund on behalf of employees.

The Civil Service Superannuation Board was established under The Civil Service Superannuation Act in May, 1939 and is responsible for administering the Act.

2. Significant Accounting Policies:

The significant accounting policies are summarized below:

(a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

(b) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Zero coupon bonds are valued at the date of purchase and at the end of the year based on the purchase yield and the remaining term to maturity. The difference in the value of the bond from the date of purchase or the previous year end to the current year end will be charged or credited to income in the current year.

The majority of the Fund's fixed income investment portfolio is held for the long term and a part of the portfolio is traded actively. For long term holdings, the gains or losses on disposition, before maturity, are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments. For those which are traded actively, the accounting is segregated and one-fifth of the realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of investment assets and amortized to income in equal amounts over the next four years.

2. (b) (continued)

(ii) Investment in subsidiary:

The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation of Manitoba Inc. is accounted for on the equity method. For the purpose of preparing the financial statements of the Fund, the Fund management estimates the income from the subsidiary for the year. Any adjustment required to reflect actual income will be recorded in the subsequent year.

(iii) Equity investments:

Equity investments are recorded at cost.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

(iv) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(v) Provision for investment losses:

Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income to a maximum of the provision not exceeding 1% of the book value of investment assets.

2. (b) (continued)

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses.

(vi) Foreign currency translation:

Assets recorded in foreign currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the existing month end prevailing rate of exchange.

The translation adjustments required for these transactions, together with foreign exchange on the purchase and sale of foreign currency are recorded in the accumulated unrealized foreign exchange account. One-fifth of the accumulated unrealized foreign exchange account is reflected in income for the year.

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Furniture, fixtures and equipment:

Furniture, fixtures and equipment are recorded at a nominal fee of $1.00. These purchases are charged to operations in the year of acquisition.

(e) Computer:

Mini computer equipment costs and program development expenses are capitalized and amortized on a straight line basis over six years.

Micro computer equipment and software expenses are expensed in the year of acquisition.

(f) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' annual contributions are allocated to a superannuation indexing adjustment account. Interest is allocated to the account on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures. The account is intended to fund 50% of the cost-of-living adjustment payments made to pensioners and beneficiaries and the non-matching employers are billed for 50% of the payments to their retired employees.

2. (f)(continued)

Effective July 1 of each year, cost-of-living superannuation adjustment payments are calculated in accordance with the formula set out in the Civil Service Superannuation Act, section 32.1(7). The formula is based on the Consumer Price Index increase in the previous calendar year and the increase in the calculated benefit index. Section 32.1(8) requires the calculated adjustment to be reduced if, in the opinion of the actuary, the adjustment would result in an unfunded liability in the superannuation indexing adjustment account as at December 31 of the preceding year.

The annual actuarial valuation of the superannuation indexing adjustment account as at December 31, 1986 revealed that $6,345,567 was available to actuarially finance additional cost-of-living increases for pensioners. Effective July 1, 1987, the Board approved and paid the actuarially calculated superannuation adjustment for 1987 in accordance with the formula set out in the Act, equal to:

a) 2.09% (1986 - 2.18%) of the total lifetime pension plus any previously granted adjustments in that allowance, and

b) 59¢ (1986 - 59¢) per month for each year of service, to a maximum of 35 years,

for those employees who retired before January 1, 1986. Employees who retired after that date, but before July 1, 1987, were paid a pro-rata portion of the adjustment. Beneficiaries of deceased pensioners receive two-thirds of the adjustment that the pensioner would have been eligible for. The present value of the July 1, 1987 adjustment has been actuarially calculated to be equal to $5,583,500 as at December 31, 1986, leaving a balance of $762,067 available in the superannuation indexing adjustment account as at that date.

(g) Actuarial valuations:

(i) The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1986, disclosed a surplus of $31,788,810.

(ii) The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees as at December 31, 1987 is estimated to be $652,700 (1986 - $474,048).

3. Amendment to the Civil Service Superannuation Act in 1986

The Fund was authorized to credit the Government of Manitoba and its agencies $83,853 per month from September 1, 1986 to August 31, 1989, amounting to $3,018,708 for the three year period, to reduce the employers' costs of the pension formula improvement made in 1986. The balance outstanding as at December 31, 1987 is $1,677,060 (1986 - $2,683,296).

4. Investment in subsidiary:

The Superannuation Resource Investment Corporation of Manitoba Inc. (S.R.I.C.), a wholly-owned subsidiary of the Fund, was incorporated as a pension fund resource corporation under The Corporation Act of Manitoba on May 30, 1983 for the purpose of participating in oil and gas resource development projects on behalf of the Fund.

The actual results of the subsidiary operation for the year ended December 31, 1987 were not available at the time of preparation of these financial statements. The Fund management has estimated the net income of the subsidiary for 1987 to be $467,153 (1986 - actual $863,735) and has reflected this estimate as income from subsidiary, per accounting policy, Note 2(b)(ii).

The Fund's investment in S.R.I.C. at December 31, 1987, after reflecting this estimate, is comprised of:

	1987	1986
Shareholder's advances	$5,408,469	$7,016,627
Capital stock	1	1
Retained earnings		
estimated	467,153	754,343
prior year's adjustment to actual	109,392	-
	576,545	754,343
Investment in subsidiary	$5,985,015	$7,770,971

During the year, the Fund was not required to provide an advance (1986 -$2,500,000) to S.R.I.C. and recovered $1,095,633 (1986 - $563,389) of previous advances from S.R.I.C.

THE CIVIL SERVICE SUPERANNUATION FUND
Notes to the Financial Statements
for the year ended December 31, 1987

5. Money Purchase Accounts Plan:

Manitoba Regulation 77/85 under the Civil Service Superannuation Act established a Money Purchase Accounts Plan effective January 2, 1985. Under this regulation, eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer, to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board charges the Plan with an administration fee. The accumulated value of a participant's account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

6. Accumulated unrealized foreign exchange:

An analysis of (gains) or losses in the accumulated unrealized foreign exchange account is shown below:

	1987	1986
Balance, beginning of year	$ (192,564)	$ (700,135)
Foreign exchange on purchase and sale of foreign currency	1,057	(1,197,126)
Translation of transactions	287,156	487,775
Net translation of current assets	114,441	1,168,781
	210,090	(240,705)
Transfer to income	(42,018)	48,141
Balance, end of year	$ 168,072	$ (192,564)

7. Comparative figures:

Comparative figures for the year ended December 31, 1986 have been restated to reflect the change in presentation of Investment Related Expenses which are summarized below:

	1987	1986
Direct	$168,917	$108,430
Administrative	105,753	84,284
	$274,670	$192,714

Previously these expenses were presented on Schedule 4. The Board approved the allocation of indentifiable costs as Direct expenses. Where direct allocation is not practical, expenses are allocated to the Investment Department on a prorated basis as Administrative expenses.

Manitoba

COMMUNITIES ECONOMIC DEVELOPMENT FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedule 1, of the Communities Economic Development Fund for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Communities Economic Development Fund as at March 31, 1988 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

July 29, 1988,
Winnipeg, Manitoba.

Exhibit A

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Cash	$ 758,680	$ 148,730
Due from Province of Manitoba (note 6)	422,565	-
Short-term deposits with the Province of Manitoba	-	350,000
Due from Manitoba Development Corporation (notes 1 and 2 c)	-	215,457
Accounts receivable	12,991	17,297
Loans and interest receivable (note 2 f), less allowance for doubtful accounts $1,138,600 (1987 - $1,169,600) (notes 2 b and 4)	5,806,146	5,410,186
Mortgage receivable	115,290	-
Office furniture and equipment at cost, less accumulated depreciation $43,284 (1987 - $33,149) (note 2 e)	69,952	63,248
	$ 7,185,624	$ 6,204,918

LIABILITIES

	1988	1987
Accounts payable and accrued liabilities	$ 43,019	$ 82,695
Due to Manitoba Development Corporation (notes 1 and 2 c)	125,382	-
Funds provided by the Province of Manitoba (note 3)	7,017,223	6,122,223
	$ 7,185,624	$ 6,204,918

The accompanying notes are an integral part of these financial statements.

Exhibit B

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Operations
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Loan interest	$ 595,309	$ 497,224
Miscellaneous	54,546	38,062
	649,855	535,286
Expenditure:		
Administrative, Schedule 1	1,016,590	873,397
Provision for doubtful accounts on loans receivable (note 4)	655,830	428,840
	1,672,420	1,302,237
Excess of expenditure over revenue	1,022,565	766,951
Less subsidy (note 1):		
Province of Manitoba	1,022,565	-
Manitoba Development Corporation	-	766,951
	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Exhibit C

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Statement of Changes in Cash Position for the year ended March 31, 1988

Cash provided by (used for)		
Operating activities		
Operations, Exhibit B		$ -
Items not affecting cash flow:		
Depreciation		10,135
Provision for doubtful accounts on loans receivable		655,830
Net change in non-cash working capital balances related to operations		(306,730)
Lending activities:		
Loans issued	$(2,490,752)	
Loan principal payments	1,627,674	(863,078)
Purchase of office equipment		(16,839)
		(520,682)
Financing activities		
Conditional grants provided by the Province of Manitoba (note 3)		895,000
Investing activities		
Proceeds from term deposits		350,000
Mortgage financing provided	(115,000)	
Mortgage principal payments	632	(114,368)
		235,632
Increase in cash		609,950
Cash at beginning of year, Exhibit A		148,730
Cash at end of year, Exhibit A		$ 758,680

The accompanying notes are an integral part of these financial statements.

Schedule 1

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Schedule of Administrative Expenses (note 2 c)
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Communications	$ 28,455	$ 32,007
Consultants' fees and expenses	12,601	32,576
Credit reports	25,299	13,871
Depreciation	10,626	9,130
Directors' fees and expenses	58,321	48,507
Legal and audit	18,172	15,544
Office supplies and expenses	46,744	48,624
Rent and utilities	114,210	86,831
Salaries and employee benefits	618,998	532,633
Sundry	10,014	4,802
Travel	73,150	48,872
Administrative expenses, Exhibit B	$ 1,016,590	$ 873,397

The accompanying notes are an integral part of these financial statements.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements for the year ended March 31, 1988

1. Nature of the Fund

The Communities Economic Development Fund was established as a Crown corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. The Fund places emphasis upon the economic development of northern Manitoba. However, applicants from other communities within the Province, with exception of the larger centres, are also considered. To carry out this objective it is not practical to pass on all of the Fund's costs to the users of its services. As a result, the Fund depends on a subsidy from the Province of Manitoba. In previous years, the Manitoba Development Corporation provided a subsidy to cover the Fund's excess of expenditure over revenue. For the year ended March 31, 1988, the Province provided this subsidy.

2. Significant Accounting Policies

(a) General

The accompanying financial statements have been prepared on an accrual basis, except for the accounting for pensions and loans as set out in notes 2 d and f.

(b) Allowance for doubtful accounts

The allowance for doubtful accounts regarding possible losses on outstanding loans is determined on an individual account basis.

(c) Administrative expenses (Schedule 1)

The Communities Economic Development Fund is jointly administered with the Manitoba Development Corporation (MDC). At the year end, common administrative expenses are reviewed and allocated between MDC and the Fund on a proportionate basis as determined by officials of MDC and the Fund. Any significant difference between the administrative expenses paid by the Fund and the prorated administrative expenses is either recovered from or reimbursed to MDC. The prorated administrative expenses do not include expenses for accrued pension benefits, as explained in note 2 d.

2. Significant Accounting Policies (continued)

(d) Pensions

The employees of the Fund are not members of the civil service of the Province but they contribute to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Communities Economic Development Fund (CEDF) will contribute 50% of the pension payments made to retired employees. Such payments will be charged to operations as incurred. A provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for CEDF employees amounted to $526,501 as at December 31, 1987 ($475,731 as at December 31, 1986).

(e) Depreciation

Office furniture and equipment is depreciated at 10% on a straight line basis.

(f) Loans

Loans are recorded when disbursed (see note 5 a).

3. Funds Provided by the Province of Manitoba

Funds are provided by the Province by way of interest-free conditional grants to a revolving fund for the purpose of making direct loans and loan guarantees. In the event that the revolving fund increases beyond the amount provided by the Province, such increases would be repayable to the Province. If the Communities Economic Development Fund should cease operations, then all remaining funds would be returned to the Province.

The funds provided are as follows:

	1988			1987
	Direct Loans	Loan Guarantees	Total	Total
Balance, beginning of year	$6,022,223	$100,000	$6,122,223	$4,715,223
Funds provided during the year	895,000	-	895,000	1,407,000
Balance, end of year	$6,917,223	$100,000	$7,017,223	$6,122,223

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1988

3. Funds Provided by the Province of Manitoba (continued)

The balance of available capital authority as at March 31, 1988 is $2,505,000 for direct loans and $1,400,000 for loan guarantees.

4. Allowance for Doubtful Accounts

The change in the allowance is accounted for as follows:

	1988	1987
Balance, beginning of year	$ 1,169,600	$ 1,030,409
Provision during the year	655,830	428,840
	1,825,430	1,459,249
Less: accounts written off (net of recoveries)	686,830	289,649
Balance, end of year	$ 1,138,600	$ 1,169,600

5. Loan Commitments and Contingent Liabilities

	1988	1987
(a) Loan commitments - undisbursed balance of approved loans	$ 847,947	$ 552,679
(b) Contingent liability - bank loan guarantees	$ 40,000	$ 214,000

(c) Contingent liability - In 1980, a judgement was rendered against the Fund which resulted in certain real property being returned to the plaintiff. An assessment of damages is still to be decided upon by the courts.

6. Due from Province of Manitoba

The Province of Manitoba provided a grant to cover the Fund's anticipated subsidy requirements for the year ended March 31, 1988. The amount of $422,565, which is shown on the balance sheet, represents the amount of additional funds required to cover the actual requirements for the year.

COMMUNITIES ECONOMIC DEVELOPMENT FUND

Notes to the Financial Statements
for the year ended March 31, 1988

7. Subsidiary

In order to prevent a significant loss, the Fund incorporated 74949 Manitoba Ltd. in 1986/87 to operate a towing company in northern Manitoba. 74949 Manitoba Ltd. operated for about two months until a purchaser was found. This company will be allowed to lapse once all collections and payments are complete.

A summary of receipts and disbursements of the company during the period from incorporation to March 31, 1988 is as follows:

Receipts	$ 22,811
Disbursements	35,477
Excess of disbursements over receipts	$ 12,666

The excess of disbursements over receipts, in the amount of $12,666, was written off against the allowance for doubtful accounts during the year.

There are no significant liabilities at March 31, 1988.

8. Loan Interest Suspensions

As part of the normal loan account assessment, the Fund periodically suspends interest where accounts are considered uncollectible or where the suspension will assist in the collection process. At March 31, 1988 there were 7 loans amounting to $399,567 where interest suspensions have been approved. All interest suspensions are approved by the Board.

9. Comparative Figures

Certain comparative figures have been restated to conform with the presentation of the current year.

MEYERS
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CHARTERED ACCOUNTANTS

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Consulting Partner:
R.A. MEYERS, F.C.A.

13th June, 1988

AUDITORS' REPORT

We have examined the balance sheet of the Cooks Creek Conservation District No. 5 as at 31st March, 1988 and the statements of surplus and revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances

In our opinion, these financial statements present fairly the financial position of the District as at 31st March, 1988 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Meyers Norris Penny & Co.

Chartered Accountants

Cooks Creek Conservation District No. 5

Balance Sheet as at 31st March, 1988

Statement 1

	1988	1987
Assets		
Current Assets		
Cash	82,202	140,742
Accounts receivable	5,334	9,105
	87,536	149,847
Fixed Assets - Note 2	5,547	5,861
	93,083	155,708
Liabilities and Surplus		
Current Liabilities		
Conservation District Authority	7,013	11,152
Accounts payable	9	-
	7,022	11,152
Surplus	86,061	144,556
	93,083	155,708

Cooks Creek Conservation District No. 5

Statement of Surplus

For the Year Ended 31st March, 1988

Statement 2

	Board and Sub-District	Equipment	Emergency Reserve	Total
Balance - Beginning of Year	142,558	(2)	2,000	144,556
Excess (Deficiency) of Revenue over Expenditure	(58,497)	2	-	(58,495)
Balance - End of Year	84,061	-	2,000	86,061

Cooks Creek Conservation District No. 5

Statement of Board and Sub-District Revenue and Expenditure

For the Year Ended 31st March, 1988

Statement 3

	1988 (12 months)	1987 (15 months)
Revenue		
Province of Manitoba	194,348	196,275
Rural Municipality of Brokenhead	157	157
Rural Municipality of St. Annes	974	974
Rural Municipality of Springfield	65,724	65,724
Rural Municipality of Tache	6,104	6,104
Interest	-	16,868
Challenge 87	1,313	-
Careerstart	-	2,271
Disaster Assistance Board	2,966	-
Interest	9,640	-
	281,226	288,373
Expenditure		
Administration	70,092	73,902
Sub District programs	195,007	196,240
Other board programs	6,103	-
Cooks Creek diversion	68,521	34,145
	339,723	304,287
(Deficiency) of Revenue over Expenditure	(58,497)	(15,914

Cooks Creek Conservation District No. 5

Statement of Equipment Revenue and Expenditure

For the Year Ended 31st March, 1988

Statement 4

	1988 (12 months)	1987 (15 months)
Revenue	2	-
Expenditure		
Depreciation	-	144
	-	144
Excess (Deficiency) of Revenue over Expenditure	2	(144)

Cooks Creek Conservation District No. 5

Notes to the Financial Statements

For the Year Ended 31st March, 1988

Note 1 - Accounting Policies

Fixed Assets

Fixed assets are recorded at cost and depreciation is recorded on the straight line method at the following annual rates:

Equipment	25%
Office Equipment	15%

Note 2 - Fixed Assets

The following is a summary of the fixed asset and accumulated depreciati accounts:

	Balance Beginning Of Year	Additions	Balanc End o Yea
Fixed Assets			
Equipment	936	-	93
Office equipment	4,901	1,065	5,96
Program support equipment	3,543	-	3,54
	9,380	1,065	10,44
Accumulated Depreciation			
Equipment	936	-	93
Office equipment	1,863	848	2,71
Program support equipment	720	531	1,25
	3,519	1,379	4,89
Net Book Value	5,861		5,54

Note 3 - Comparative Figures

The prior period figures are for a fifteen month period of operations.

Cooks Creek Conservation District No. 5

Schedule of Expenditure

For the Year Ended 31st March, 1988

Schedule 1

	1988 (12 months)	1987 (15 months)
Administration		
Association dues	350	350
Board remuneration	10,936	16,736
Depreciation	1,380	1,468
Head office administration	354	368
Insurance	893	1,571
Office maintenance	3,083	3,231
Office rent	5,188	4,875
Printing, postage and stationery	5,312	4,738
Professional fees	1,100	800
Public relations	2,965	624
Salaries and benefits	35,766	36,672
Watershed manager and students expenses	2,765	2,469
	70,092	73,902
Sub District Programs		
Lower Seine River	61,704	74,276
Cooks Creek	124,673	95,622
Carr's Creek (Formerly Bunn's Creek)	8,630	26,342
	195,007	196,240
Other Board Programs		
Flood expense	2,966	-
Storage yard	2,549	-
Wild life	588	-
	6,103	-
Cooks Creek Division	68,521	34,145
Total Expenditures	339,723	304,287

Cooks Creek Conservation District No. 5

Schedule of Sub-District Programs

For the Year Ended 31st March, 1988

Schedule 2

	Lower Seine River #9	Cooks Creek #11	Carr's Creek (Formerly Bunn's Creek) #12	Total 1988	Total 1987
Development	46,946	-	-	46,946	100,837
Weedland Brush Control	-	14,248	185	14,433	27,546
Channel Maintenance	6,996	39,434	3,650	50,080	29,075
Culverts and Structures	7,762	70,991	4,795	83,548	38,782
	61,704	124,673	8,630	195,007	196,240

Cooks Creek Conservation District No. 5

Schedule of Cost Sharing

For the Year Ended 31st March, 1988

Schedule 3

	Cost Share				District
	District and		Total	and Other	Provincial
	Other	Provincial	Expenditure	Share	Share
Administration					
General	25%	75%	57,050	14,262	42,788
Other	100		439	439	-
Head office		100	354	-	354
Challenge 87 - Federal Government	100		1,313	1,313	-
Remuneration					
General	25	75	9,730	2,432	7,298
Other	100		1,206	1,206	
			70,092	19,652	50,440
Sub District Programs					
Lower Seine River	25/30	75/70	61,704	17,773	43,931
Cooks Creek	25	75	124,673	31,168	93,505
Carr's Creek (Formerly Bunn's Creek)	25	75	8,630	2,158	6,472
			195,007	51,099	143,908
Other Board Programs					
Flood expenses - Manitoba Disaster Assistance Board	100		2,966	2,966	-
Storage yard	100		2,549	2,549	-
Wild life	100		588	588	-
			6,103	6,103	-
Cooks Creek Diversion	100		68,521	68,521	-
			339,723	145,375	194,348

Manitoba

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Schedule of Loans and Loans Guarantee Transactions of The Co-operative Loans and Loans Guarantee Board for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Schedule of Loans and Loans Guarantee Transactions presents fairly the balance of the loans and loans guarantees outstanding as at March 31, 1988 and the loans and loans guarantee transactions of the Board for the year then ended in accordance with the accounting principles stated in note 1 to the Schedule applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

October 31, 1988,
Winnipeg, Manitoba.

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Schedule of Loans and Loans Guarantee Transactions
for the year ended March 31, 1988

	Amounts outstanding at March 31, 1987	Additions	Cancellations	Amounts outstanding at March 31, 1988
Loans:				
Lakeshore Metis Land Improvement Co-op Ltd. (Note 2)	$ 26,100	$ -	$ 11,053	$ 15,047
	$ 26,100	$ -	$ 11,053	$ 15,047
Loans Guarantees:				
Winnipeg Arts Club Co-op Inc. (Note 3)	$ 89,872	$ -	$ -	$ 89,872
Gaia Reforestation Co-op Ltd. (Note 4)	-	18,000	18,000	-
Northern Cooperative Services Ltd. (Note 5)	-	700,000	100,000	600,000
	$ 89,872	$ 718,000	$ 118,000	$ 689,872

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Notes to the Schedule
for the year ended March 31, 1988

---

1. a) Loans are carried at the amount of principal due to the Board.

   b) Loans guarantees are carried at the amount guaranteed and are contingent liabilities.

2. The loan issued to Lakeshore Metis Land Improvement Co-op Ltd. was approved by the Board as an interest free loan. The loan is secured by an assignment of grants from the Department of Regional Industrial Expansion (Government of Canada), a lien registered on certain equipment of the cooperative, and promissory notes issued by members of the cooperative and payable on demand in the total amount of $33,000. During the year ended March 31, 1988 the Board received $11,053 from the cooperative. Subsequent to March 31, 1988, the balance of the loan of $15,047 was repaid.

3. The Board guaranteed to the Co-operative Credit Society of Manitoba, Limited (CCSM) a term loan of up to but not exceeding $100,000 extended by CCSM to The Winnipeg Arts Club Cooperative, Inc. (Club). Pursuant to an agreement dated January 27, 1987 between the Board and CCSM, the Board's liability under the guarantee shall not exceed $89,872. The Club was placed in receivership November 21, 1986 and a Trustee in Bankruptcy of the Club was appointed. The Trustee executed a purchase and sale agreement dated January 6, 1987 for the sale of the assets of the Club and assignment of the Club's lease. The necessity of the Board honouring its guarantee will not be finally determined until approximately May 1, 1990 upon completion by CCSM of application to the term loan of purchase price payments or until such prior date as there is either full repayment of the loan or a default under the purchase and sale agreement.

4. The Board guaranteed to the Assiniboine Credit Union Limited an irrevocable letter of credit, up to but not exceeding $18,000, for a performance bond posted by Gaia Reforestation Co-op Ltd. (Gaia) with the Department of Natural Resources. This guarantee was cancelled in the same fiscal year after Gaia concluded its obligations with the Department.

5. The Board guaranteed to the Canadian Imperial Bank of Commerce an operating loan up to but not exceeding $600,000 extended to the Northern Cooperative Services Ltd. The Board also guaranteed an interim loan up to but not exceeding $100,000 to the Assiniboine Credit Union Limited. This guarantee was cancelled when the interim loan was repaid in full.

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

Notes to the Schedule
for the year ended March 31, 1988

6. The Government of the Province of Manitoba has authorized the following amounts for funding loans and loan guarantees:

Authority		Outstanding Borrowing Authority
The Loan Act, 1980		$ 1,000,000
The Loan Act, 1984(2)	$500,000	
Less: Loan advanced	70,000	430,000
The Loan Act, 1987		1,250,000
		2,680,000
Less: Amounts encumbered by Department of Finance		789,872
		$ 1,890,128

7. The Board previously obtained title to fixed assets owned by the South Indian Lake Co-op Fisheries Ltd. During the year ended March 31, 1988 the Board obtained proceeds of $13,400 from the rental of the fish processing plant and $10,800 from the sale of fixed assets. The proceeds have been paid to the Government of the Province of Manitoba.

8. The Board does not charge a fee for its loans and loan guarantees.

9. The costs related to the administration and general operation of the Board are paid out of an appropriation of the Department of Cooperative Development (effective August 1, 1988, Manitoba Cooperative, Consumer and Corporate Affairs), Government of the Province of Manitoba.

Manitoba

THE CO-OPERATIVE PROMOTION BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1 and 2, of The Co-operative Promotion Board for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

July 27, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE CO-OPERATIVE PROMOTION BOARD

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Current assets:		
Cash	$ 25,212	$ 24,518
Term deposits (note 3)	216,000	216,000
Accrued interest receivable	5,764	6,825
Total current assets	246,976	247,343
Investments, at amortized cost, Schedule 1	65,490	65,207
	$ 312,466	$ 312,550

LIABILITIES AND EQUITY

	1988	1987
Accounts payable	$ 2,000	$ 1,759
Contributed capital:		
Provided under "The Wheat Board Money Trust Act" Cap. W120, R.S.M. 1970 (Note 1)	128,800	128,800
Retained earnings, Exhibit B	181,666	181,991
	$ 312,466	$ 312,550

EXHIBIT B

THE CO-OPERATIVE PROMOTION BOARD

Statement of Income and Expenditure and Retained Earnings
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Interest	$ 24,006	$ 24,232
Amortization of discount on investments	283	283
Refund of grants -		
Proposed Northern Chip Production Project	-	500
Proposed St. Norbert Cooperative	-	600
Total income	24,289	25,615
Expenditure:		
Grants and direct expenses on behalf of cooperatives:		
Grants, Schedule 2	14,535	18,997
Direct expenses on behalf of cooperatives:		
Gold medal prize	211	192
Leadership development assistance program	990	275
Publications	-	1,872
School Awards Contest	3,526	21,538
	19,262	42,874
General and administrative expenses:		
Annual reports	2,000	1,806
Audit fee	1,180	1,085
Board members' remuneration	560	960
Board members' travel	1,484	1,518
Office expenses	128	181
	5,352	5,550
Total expenditure	24,614	48,424
Expenditure over income	325	22,809
Retained earnings, beginning of year	181,991	204,800
Retained earnings, end of year, Exhibit A	$ 181,666	$ 181,991

SCHEDULE 1

THE CO-OPERATIVE PROMOTION BOARD

Schedule of Investments
as at March 31, 1988

	Par Value	Cost	Accumulated Discount Amortization	Amortized Cost
Manitoba Hydro-Electric Board 7 1/4% bonds due on August 1, 1993	$ 67,000	$61,305	$ 4,185	$65,490

SCHEDULE 2

THE CO-OPERATIVE PROMOTION BOARD

Schedule of Grants
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Anicinabe Food Co-op Ltd.	$ 360	$ -
Berens River Ki-No-Shay Co-op Ltd.	500	-
Blue Ribbon Transportation Co-op Ltd.	1,000	-
Brandon Gas Bar Co-op Ltd.	1,500	-
Charles-Cathedral Housing Cooperative Ltd.	500	-
Citi/Books Cooperative Ltd.	-	397
Club Physique Co-op Ltd.	750	-
Co-operative College of Canada Manitoba Region Council	690	4,000
Co-op Radio (Winnipeg) Inc.	500	-
Crocus Information Management Cooperative Ltd.	-	5,400
Duck Mountain Apiary Project	250	-
Housing Co-op Council of Manitoba Inc.	-	1,000
Conseil de la Cooperation du Manitoba	2,000	2,500
Le Petit Soleil Cooperative Inc.	-	380
M & B Fisheries Cooperative Ltd.	-	500
Minitonas Nursery Co-op Inc.	500	-
Nor-Man Cabin Fever Crafters Co-op Inc.	-	500
Norway House Gas Bar Project	500	-
Oduduwa Co-op Society Inc.	500	-
Ojibway Center of Winnipeg	350	-
Ojibway Housing Co-op Ltd.	500	-
Our Day Care Brandon Co-op Inc.	300	-
Psoriasis Education & Research (Manitoba) Co-op Inc.	-	1,200
Riverton Day Care Cooperative Inc.	500	-
Searcom Housing Co-op Ltd.	250	-
Selkirk Teen Centre Co-op Inc.	-	500
Seven Sisters Falls Water Co-op Ltd.	-	350
Smurfs & Smurfettes Day Care Co-op Inc.	-	500
Starting Blocks Cooperative Inc.	500	-
Ste. Anne Nursery School Pre-Maternelle Co-op Inc.	-	270
St. Theresa Point Curling Club Co-op Inc.	500	-
Swan Valley Student Employment Project	300	-
The Pas Gas Bar Co-op Ltd.	-	1,000
Three Feathers Art & Craft Co-op Inc.	-	500
Tin-Lanh Housing Co-op Ltd.	250	-
Totems Sports Co-op Inc.	375	-
Transcona Seniors' Housing Co-op Ltd.	360	-
West St. Paul Nursery School Co-op Inc.	500	-
Winkler Student Employment Project	300	-
	$ 14,535	$ 18,997

Notes to the Financial Statements
as at March 31, 1988

1. Nature and objectives of the Board

The Co-operative Promotion Board operates under the terms of The Wheat Board Money Trust Act. The Board acts as a trustee for those surplus funds of the original Canadian Wheat Board which were apportioned to Manitoba by the Government of Canada. The total amount apportioned to Manitoba was $128,800 and is held in trust by the Board. The income earned on these funds may be used by the Board for purposes which are consistent with the following objectives specified in the Act:

a. To assist in the development and encouragement of co-operation amongst consumers, producers of natural products, and persons concerned in marketing natural products and in the organization and development of co-operative organizations.

b. To investigate laws relating to co-operative organizations in Manitoba, in other provinces of Canada and in other countries, and to study agencies for and methods of co-operative marketing, production and purchasing, and to report thereon with recommendations of approved matters to the Lieutenant-Governor-in-Council.

c. To promote the general welfare of producers of natural products in the Province and of co-operative organizations in the Province.

2. Accounting policies

a. Income and expenditures are accounted for on an accrual basis, except that grants are reflected as expenditures when paid.

b. Discounts on investments are amortized on a straight line basis over the life of the investment.

c. The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities at no charge to the Board. The cost of these services has not been estimated and is not included in the financial statements.

3. Term deposits

	1988	1987
Me-Dian Credit Union of Manitoba Limited		
8.2% due on June 14, 1988	$100,000	$ -
8.5% due on November 17, 1987	-	100,000
La Fédération Des Caisses Populaires du Manitoba Inc.		
8.5% due on November 19, 1987	-	64,000
La Caisse Populaire de Saint-Boniface Limitee		
9.0% due on December 21, 1988	64,000	-
Province of Manitoba		
8.45% due on April 11, 1988	52,000	-
8.0% due on April 13, 1987	-	52,000
	$216,000	$216,000

Manitoba

THE CRIMINAL INJURIES COMPENSATION BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statement, being the Statement of Receipts and Disbursements, of The Criminal Injuries Compensation Board for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, this financial statement presents fairly the receipts and disbursements of the Board for the year then ended in accordance with the accounting policies stated in note 2 to the financial statement applied on a basis consistent with that of the preceding year.

Fred W. Jackson

F. H. Jackson, CA
Provincial Auditor

April 22, 1988
Winnipeg, Manitoba

THE CRIMINAL INJURIES COMPENSATION BOARD

Statement of Receipts and Disbursements
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Receipts:		
Department of the Attorney-General appropriation	$ 1,335,174	$ 1,214,846
Recoveries - restitution, insurance	3,008	1,794
Bank interest, net of charges	377	3,418
Total receipts	1,338,559	1,220,058
Disbursements:		
Benefits paid (Note 4):		
Pensions	939,251	825,694
Temporary disability	333,725	216,145
Medical, dental, prosthetic, etc.	156,192	160,045
Rehabilitation	59,827	55,624
	1,488,995	1,257,508
Remittance of recoveries to Department of the Attorney-General	3,008	1,794
Total disbursements	1,492,003	1,259,302
Excess of disbursements over receipts	(153,444)	(39,244)
Reimbursement in transit, from the appropriation for the fiscal year	153,444	39,244
	$ -	$ -

THE CRIMINAL INJURIES COMPENSATION BOARD

Notes to Financial Statement
for the year ended March 31, 1988

1. Nature of Operations

The Criminal Injuries Compensation Act provides that injured victims of crime, or their dependents, be eligible for benefits in an amount similar to compensation paid to workers under The Workers Compensation Act. The intent of the Act is to ensure that any innocent victim of crime or any person injured as a result of assisting a Peace Officer should not be placed in a position of undue financial hardship.

2. Accounting Policies

a) The Board's financial statement has been prepared using the cash basis of accounting. The excess or deficiency of receipts over disbursements for the year is remitted to or recovered from the Department of the Attorney-General and is reflected as being in transit in this financial statement as of March 31. No provision is made in this financial statement to recognize the future cost of existing claims.

b) The administrative expenses referred to in Note 3 are not reflected in the financial statement.

3. Operational Practices

Under an Order of the Lieutenant-Governor-in-Council The Workers Compensation Board (W.C.B.) was designated to administer The Criminal Injuries Compensation Act. All charges for the administration of the Act are paid from the Consolidated Fund of the Government of the Province of Manitoba through an appropriation of the Department of the Attorney-General. Under this arrangement, transactions in respect of benefit payments of the Board are processed by the W.C.B. and such transactions are presented in the accompanying financial statement on a cash basis. Administration expenses such as W.C.B. staff salaries and other operating expenses, in respect to this arrangement, are billed to and paid from the appropriation of the Department of the Attorney-General and are reflected in the accounts of W.C.B.. For the year ended March 31, 1988, the W.C.B. incurred $151,933 (March 31, 1987 - $142,316) for administering the Act which was reimbursed by the Government of the Province of Manitoba.

4. Commitments

a) The unfunded present value of pensions awarded as at March 31, 1988 was estimated by the Board to amount to $10,598,258 (1987 - $8,751,357).

b) The unfunded present value of existing claims receiving rehabilitation assistance as at March 31, 1988 was estimated by the Board to amount to $362,503.

c) An estimate of the future costs of existing claims for temporary disability compensation and medical aid benefits was not available.

The Board intends to arrange for an actuarial review of the liabilities for all of its programs.

Manitoba

LEAF RAPIDS TOWN PROPERTIES LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Leaf Rapids Town Properties Ltd. as at March 31, 1988 and the statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except with respect to the appropriateness of the period over which depreciation is being recorded on the Company's fixed assets and included in these financial statements as described in the following paragraph.

As indicated in note 8 to the financial statements, it is the intention of the Board to review all information available to determine the best estimate of the life of the town and therefore the appropriateness of depreciation being recorded on the Company's fixed assets. Because this review is not complete, it is impractical for the Board to estimate any adjustments which may be required to these financial statements.

In our opinion, except for the effect of any adjustments which may be required as a result of the review as discussed in the preceding paragraph, these financial statements present fairly the financial position of the Company as at March 31, 1988 and the results of its operations and the changes in financial position for the year then ended in accordance with the accounting policies stated in note 2 applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

October 13, 1988
Winnipeg, Manitoba.

EXHIBIT A

LEAF RAPIDS TOWN PROPERTIES LTD.

Balance Sheet
March 31, 1988

ASSETS	1988	1987
Current Assets:		
Cash and short-term deposits	$ 720,974	$ 576,145
Accounts receivable	38,492	201,567
Prepaid expense and supplies	24,605	19,348
	784,071	797,060
Developed lots held for resale (note 2(c))	1	1
Land, buildings and equipment, less accumulated depreciation and cost recoveries (note 4)	4,841,447	5,088,712
Lease costs, net of amortization	3,942	4,622
	$ 5,629,461	$ 5,890,395
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expense	$ 95,895	$ 100,321
Current portion of long-term debt	217,657	201,255
	313,552	301,576
Long-term debt (note 5)	3,345,261	3,562,918
	3,658,813	3,864,494
SHAREHOLDER'S EQUITY		
Capital stock (note 3)	2,621,100	2,621,100
Deficit	(650,452)	(595,199)
	1,970,648	2,025,901
	$ 5,629,461	$ 5,890,395

EXHIBIT B

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Income and Deficit
Year Ended March 31, 1988

	1988	1987
Operations (Schedule 1):		
Revenue	$ 1,296,548	$ 1,344,649
Operating expense	1,060,888	1,089,110
Depreciation and amortization	258,680	246,213
	1,319,568	1,335,323
(Loss) profit from operations before other expenses	(23,020)	9,326
Other expense:		
Property tax on developed lots held for resale (note 2(c))	6,035	5,981
Interest expense - net (note 6)	18,647	27,700
Corporation capital tax	7,551	6,607
	32,233	40,288
Loss for the year	(55,253)	(30,962)
Deficit, beginning of year	(595,199)	(564,237)
Deficit, end of year	$ (650,452)	$ (595,199)

EXHIBIT C

LEAF RAPIDS TOWN PROPERTIES LTD.

Statement of Changes in Financial Position
Year Ended March 31, 1988

	1988	1987
Cash provided by (used for):		
Operating activities:		
Net loss	$ (55,253)	$ (30,962)
Item not involving cash:		
Depreciation and amortization	258,680	246,213
	203,427	215,251
Net change in non-cash working capital balances	169,793	136,523
	373,220	351,774
Financing activities:		
Decrease in long-term debt	(217,657)	(186,088)
Investing activities:		
Additions to land, buildings and equipment	(10,734)	(5,463)
Increase in cash	144,829	160,223
Cash and short-term deposits, beginning of year	576,145	415,922
Cash and short-term deposits, end of year	$ 720,974	$ 576,145

LEAF RAPIDS TOWN PROPERTIES LTD.

Schedule of Operating Revenue and Expense
Year Ended March 31, 1988

	Revenue from Operations	Operating Expense	Depreciation and Amortization	Operating (Loss) Income 1988	Operating (Loss) Income 1987
Rental Property:					
Commercial:					
Town centre retail	$ 170,220	$ 29,614	$ 33,013	$ 107,593	$ 117,844
Town centre hotel	120,223	141,509	45,905	(67,191)	(51,072)
Commerical building	36,074	23,770	9,232	3,072	9,027
Industrial park	37,688	27,381	300	10,007	4,156
Mobile home park	30,337	18,341	1,020	10,976	11,248
Staff housing	15,041	7,491	2,071	5,479	5,483
Non-commercial:					
Recreation centre & municipal offices	186,942	87,058	99,884	-	-
Health centre	76,434	35,595	40,839	-	-
Administration of Town Centre complex:					
Common areas	245,145	243,803	22,785	(21,443)	(21,444)
Maintenance dept.	193,591	191,043	2,548	-	-
Property taxes	64,186	64,186	-	-	-
Insurance	34,261	34,261	-	-	-
Allied heating	35,897	35,897	-	-	-
General & administrative expenses	50,509	120,939	1,083	(71,513)	(65,916)
	$ 1,296,548	$ 1,060,888	$ 258,680	$ (23,020)	$ 9,326

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1988

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1. Nature of Operations:

Leaf Rapids Town Properties Ltd. (formerly Leaf Rapids Development Corporation Ltd.) was incorporated in 1971 under the Manitoba Companies Act. It was charged with the responsibility for the planning, design and development of the new community of Leaf Rapids.

Since the completion of the development, the Corporation has managed and operated the physical assets and properties in Leaf Rapids. The Corporation has met and continues to meet its obligations as they come due from funds generated by its operations.

2. Summary of Significant Accounting Policies:

(a) Basis of accounting:

The accrual basis of accounting is being followed except for accounting for interest on income debentures as described in 2(e) below.

(b) Fixed assets:

Fixed assets are valued at cost, except for unleased industrial lots and buildings which are valued at net realizable value.

Depreciation on buildings and equipment is recorded at appropriate rates over the estimated useful lives of the related assets as follows:

Town Centre Building:	
Retail, Whitewater Inn and common areas	2 1/2% straight-line
Commercial Building	5% straight-line
Staff housing	2 1/2% straight-line

Equipment:
Whitewater Inn - various rates from 10% to 20% straight-line
Other - various rates

Depreciation on the non-commercial component of the Town Centre Building, being the facilities leased to the Leaf Rapids School District, Leaf Rapids Health and Social Development Centre and the Town of Leaf Rapids, is recorded at amounts equivalent to the principal reduction of the Series B debentures. Basic rental payments made to the Corporation by these entities are equal to the required payments on the debentures. By March 31, 1995 sufficient funds will have been recovered to equal the total capital costs of these facilities.

(c) Developed lots held for resale:

Developed lots held for resale are valued at net realizable value. Property taxes and any other related costs are charged to operations.

(d) Lease costs:

Lease costs are amortized over the terms of the leases to which they relate.

(e) Interest expense on income debentures:

Interest expense on income debentures, calculated in accordance with the methodology outlined in note 5 to the financial statements, is recorded in the year it is paid.

3. Capital Stock:

Authorized:

40,000 common shares, not to exceed $40,000
26,210 8.15% non-cumulative redeemable preferred voting shares, not to exceed $2,621,000.

Issued and fully paid:	1988	1987
100 common shares	$ 100	$ 100
26,210 preferred shares	2,621,000	2,621,000
	$ 2,621,100	$ 2,621,100

Ownership:
All issued shares are held by the Minister of Finance, Government of the Province of Manitoba.

Based upon the financial statements of Leaf Rapids Town Properties Ltd., the Province has written down the value of its shareholdings in the Corporation by $ 595,199 in the Public Accounts for the year ended March 31, 1987, being the accumulated losses to that date.

LEAF RAPIDS TOWN PROPERTIES LTD.

Notes to Financial Statements
March 31, 1988

4. Land, Buildings and Equipment:

	Cost				
	Land and Buildings	Equipment	Accumulated Depreciation	Cost Recoveries	Net Book Value
Retail property:					
Commercial:					
Town Centre retail	$ 1,447,007	$ -	$ 424,229	$ -	$ 1,022,778
Town centre hotel	1,801,348	256,660	789,063	-	1,268,945
Commercial building	183,782	-	135,424	-	48,358
Mobile home park	142,881	6,540	4,925	-	144,496
Industrial park	255,679	-	-	-	255,679
Staff housing	82,881	10,148	33,442	-	59,587
Non-commercial:					
School and cinema	2,426,366	-	-	2,426,366	-
Recreation and municipal	1,815,113	-	-	846,799	968,314
Health centre	742,137	-	-	346,227	395,910
Exhibition centre	132,554	-	-	132,554	-
Other property:					
Town centre:					
Common areas	940,053	20,929	290,459	-	670,523
Expansion site	1	-	-	-	1
Other	-	30,681	23,825	-	6,856
	$ 9,969,802	$ 324,958	$ 1,701,367	$ 3,751,946	$ 4,841,447

5. Long-term Debt:

Government of the Province of Manitoba:

$2,000,000 Series A 8.15% first mortgage debentures secured by the Corporation's land, buildings and equipment, repayable by equal annual instalments of principal and interest in the amount of $122,525 to March 31, 1996.

$2,557,251 Series B 8.15% first mortgage debentures secured by leases with the non-commercial tenants in the Town Centre, repayable by equal annual instalments of principal and interest in the amount of $263,376 to March 31, 1995, in accordance with the varying terms of the leases.

$2,450,000 10% income debentures secured by a floating charge on all assets of the Corporation, second to the first mortgage debentures, repayable by annual instalments equal to one-half of the prior year's cash flow of the Corporation. Such cash flow is determined as that generated from operations less principal repayments made on the debentures. Each annual instalment is applied firstly against annual interest and any remaining balance against principal. Any unpaid interest as a result of such annual repayments is non-cumulative. Such unpaid interest amounted to $135,278 for the year ended March 31, 1988 (1987 - $149,858).

During the year ended March 31, 1988, the following transactions have taken place:

	Series A Debentures	Series B Debentures	Income Debentures	Total
Balance, March 31, 1987	$ 760,650	$ 1,504,946	$ 1,498,577	$ 3,764,173
Annual principal instalments	60,532	-	-	60,532
Annual lease payments	-	140,723	-	140,723
	60,532	140,723	-	201,255
Balance, March 31, 1988	$ 700,118	$ 1,364,223	$ 1,498,577	$ 3,562,918

Total long-term debt	$ 3,562,918
Less current portion	217,657
	$ 3,345,261

6. Interest Expense - Net:

	1988	1987
Series A debentures	$ 61,993	$ 66,555
Income debentures	14,580	-
	76,573	66,555
Interest income - trust deposits	57,926	38,855
	$ 18,647	$ 27,700

Interest expense on the Series B first mortgage debentures in the amount of $122,653 (1987 - $133,258) is included in operating expense in the statement of income and deficit.

Based on the cash flow of the Corporation for the year ended March 31, 1988, an interest payment on the income debenture of $1,086 will be paid and charged to expense in 1989.

7. Related Parties:

As previously noted, all issued shares of the Corporation are held by the Minister of Finance, Government of the Province of Manitoba. In addition to capital stock held, the long-term debt described in note 5 and the interest expense described in note 6, the Corporation has the following balances with the Government of the Province of Manitoba and its agencies reflected in these financial statements as at March 31:

	1988	1987
Trust deposits	$ 708,680	$ 555,732
Accounts receivable	10,319	9,055
Accounts payable	11,630	4,941

8. Provincial Valuation Allowance:

The Government of the Province of Manitoba has established a valuation allowance of $ 3.5 million against its holding of shares and debentures in the Corporation as of March 31, 1988. This was based, in part, on estimates of the remaining life of the Ruttan Mine.

It is the intention of the Board of Directors to review all information regarding the remaining ore reserves, exploration programs currently underway and new mining ventures in the immediate area, with a view to determining the best estimate of the life of the mine and thus the life of the town.

Following completion of the review, the Board will give consideration to an accelerated program of depreciation for the Corporation's fixed assets and to other relevant issues. Any adjustments arising from this review will be reflected in the financial statements of the Corporation for the year ended March 31, 1989.

Manitoba

LE CENTRE CULTUREL FRANCO-MANITOBAIN

RAPPORT DU BUREAU DU VÉRIFICATEUR PROVINCIAL

Nous avons examiné le bilan ainsi que l'évolution du solde des fonds du Centre culturel franco-manitobain pour l'exercice terminé le 31 mars 1988. Notre vérification a été faite selon les normes de vérification généralement reconnues et a comporté par conséquent les sondages et autres procédés que nous avons jugés nécessaires dans les circonstances.

À notre avis, ces états financiers présentent fidèlement la situation financière de la corporation au 31 mars 1988 et les résultats de son exploitation pour l'exercice terminé à cette date, conformément aux conventions comptables énoncées dans la note 2 des états financiers et appliquées de la même manière qu'au cours de l'exercice précédent, sauf en ce qui concerne les conventions comptables du programme de divertissement du Café jardin énoncées dans la note 3 des états financiers.

F.H. Jackson, C.A.
Vérificateur provincial

Le 15 juillet 1988
Winnipeg (Manitoba)

Manitoba

LE CENTRE CULTUREL FRANCO-MANITOBAIN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Le Centre culturel franco-manitobain as at March 31, 1988 and the statement of changes in fund balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, except for the change in the method of accounting for the Cafe Jardin entertainment program as explained in note 3 to the financial statements, on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

July 15,1988,
Winnipeg, Manitoba.

Le Centre culturel franco-manitobain

Bilan
au 31 mars 1988

ACTIF	1988	1987
Actif à court terme :		
Encaisse	76 844 $	34 801 $
Subventions à recevoir - note 4	13 682	19 709
Autres débiteurs	17 302	41 487
Inventaire	18 494	17 428
Frais payés d'avance	7 640	6 638
	133 962 $	120 063 $
PASSIF		
Passif à court terme :		
Créditeurs	40 032 $	36 166 $
Subventions reportées	33 622	7 533
Dépôts pour loyers et dommages	10 732	5 500
	84 386	49 199
COMPTES DES FONDS		
Compte de fonds de fonctionnement		
Fonctionnement général	2 532	1 400
Programmes culturels	295	
	2 827	1 400
Compte de fonds pour projets spéciaux :		
Fonds de capital	27 980	63 144
Fonds spéciaux	1 307	1 307
Campagnes de financement	17 462	5 013
	46 749	69 464
	49 576	70 864
	133 962 $	120 063 $

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Balance Sheet
as at March 31, 1988

ASSETS

	1988	1987
Current assets:		
Bank	$ 76,844	$ 34,801
Grants receivable - note 4	13,682	19,709
Other accounts receivable	17,302	41,487
Inventory	18,494	17,428
Prepaid expenses	7,640	6,638
	$ 133,962	$ 120,063

LIABILITIES

	1988	1987
Current liabilities:		
Accounts payable	$ 40,032	$ 36,166
Unexpended grants	33,622	7,533
Rental and damage deposits	10,732	5,500
	84,386	49,199

FUND ACCOUNTS

	1988	1987
Operating fund account:		
General operations	2,532	1,400
Cultural programs	295	
	2,827	1,400
Special purpose fund account:		
Capital	27,980	63,144
Special	1,307	1,307
Fund raising	17,462	5,013
	46,749	69,464
	49,576	70,864
	$ 133,962	$ 120,063

Le Centre culturel franco-manitobain

Évolution du solde des comptes des fonds pour l'exercice se terminant le 31 mars 1988

	Compte des fonds de fonctionnement		Comptes des fonds pour projets spéciaux				
	Fonctionnement général	Programmes culturels (note 8)	Fonds de capital	Fonds spéciaux	Campagnes de financement	Total 1988	Total 1987
Recettes:							
Subventions :							
Gouvernement du Canada et ses organismes	$	251 947 $	$	5 525 $	$	257 472 $	271 808 $
Gouvernement du Manitoba et ses organismes	268 300	29 651	35 400			333 351	414 914
Ville de Winnipeg			17 750			17 750	33 750
Subventions diverses	1 125	7 000				8 125	22 952
Frais d'admission		5 894				5 894	18 497
Location des salles et des bureaux	104 338					104 338	107 924
Frais d'administration	1 420	20 139				21 559	13 055
Services techniques	13 812					13 812	6 400
Ventes réalisées aux étalages de vente	9 490					9 490	13 230
Commissions	3 906	75				3 981	7 065
Intérêts	5 587					5 587	2 751
Campagnes de financement - note 5					52 230	52 230	45 208
Produits divers	8 449	5 363				13 812	19 022
Publicité		10 035				10 035	9 265
	416 427	330 104	53 150	5 525	52 230	857 436	985 841
Dépenses :							
Fonctionnement général - note 6	425 849					425 849	438 606
Programmes culturels - note 6		338 215				338 215	298 169
Dépenses imputées au fonds de capital - note 10			91 726			91 726	159 855
Café jardin (déduction des recettes) - note 9 et 3	4 066					4 066	43 550
Étude de marketing				5 525		5 525	
Campagnes de financement - note 5					13 343	13 343	9 407
	429 915	338 215	91 726	5 525	13 343	878 724	949 587
Excédent (déficit) par rapport aux dépenses	(13 488)	(8 111)	(38 576)		38 887	(21 288)	36 254
Transferts interfonds - note 7	14 620	8 406	3 412		(26 438)		
Évolution du solde des comptes des fonds	1 132	295	(35 164)		12 449	(21 288)	36 254
Solde au début de l'exercice	1 400		63 144	1 307	5 013	70 864	34 610
Solde à la fin de l'exercice	2 532 $	295 $	27 980 $	1 307 $	17 462 $	49 576 $	70 864 $

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Statement of Changes in Fund Account Balances
for the year ended March 31, 1988

	Operating Fund Account		Special Purpose Fund Account				
	General Operations	Cultural Programs (Note 8)	Capital	Special	Fund Raising	1988 Total	1987 Total
Revenues:							
Grant revenue:							
Government of Canada and its agencies	$	$ 251,947	$	$ 5,525	$	$ 257,472	$ 271,808
Government of the Province of Manitoba and its agencies	268,300	29,651	35,400			333,351	414,914
City of Winnipeg			17,750			17,750	33,750
Miscellaneous	1,125	7,000				8,125	22,952
Admissions		5,894				5,894	18,497
Rental - halls and offices	104,338					104,338	107,924
Administration fees	1,420	20,139				21,559	13,055
Technical services	13,812					13,812	6,400
Concession sales	9,490					9,490	13,230
Commissions	3,906	75				3,981	7,065
Interest	5,587					5,587	2,751
Fund raising activities - note 5					52,230	52,230	45,208
Miscellaneous	8,449	5,363				13,812	19,022
Advertising sales		10,035				10,035	9,265
	416,427	330,104	53,150	5,525	52,230	857,436	985,841
Expenditures:							
General operating - note 6	425,849					425,849	438,606
Cultural programs - note 6		338,215				338,215	298,169
Capital - note 10			91,726			91,726	159,855
Cafe Jardin (net of revenues) - notes 9 and 3	4,066					4,066	43,550
Marketing study				5,525		5,525	
Fund raising activities - note 5					13,343	13,343	9,407
	429,915	338,215	91,726	5,525	13,343	878,724	949,587
Revenues (under) over expenditures	(13,488)	(8,111)	(38,576)		38,887	(21,288)	36,254
Interfund transfers - note 7	14,620	8,406	3,412		(26,438)		
Changes in fund account balances	1,132	295	(35,164)		12,449	(21,288)	36,254
Balance, beginning of year	1,400		63,144	1,307	5,013	70,864	34,610
Balance, end of year	$ 2,532	$ 295	$ 27,980	$ 1,307	$ 17,462	$ 49,576	$ 70,864

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes afférentes aux états financiers
au 31 mars 1988

1. Renseignements généraux

Le Centre culturel franco-manitobain est constitué en corporation en vertu du chapitre C45 des lois de la province du Manitoba. La corporation a pour objectifs de maintenir, d'encourager, de stimuler et de parrainer, par tous les moyens que ce soit, les activités culturelles qui se déroulent en français, ainsi que de faire connaître la culture canadienne française à tous les habitants de la province.

2. Conventions comptables

a) Méthode de comptabilité

Les états financiers de la corporation ont été préparés suivant la méthode de comptabilité d'exercice, sauf en ce qui concerne les acquisitions en capital qui sont portées au compte des dépenses de l'année d'acquisition.

b) Compte des fonds

Les ressources financières de la corporation sont affectées aux divers projets correspondant aux activités et aux objectifs du Centre culturel franco-manitobain. Ces fonds sont répartis en deux comptes de fonds : le compte de fonds de fonctionnement et le compte de fonds pour les projets spéciaux.

Compte de fonds de fonctionnement

1) Fonctionnement général - Opérations liées notamment à l'entretien des installations, au fonctionnement général de la corporation et du Café jardin, ainsi qu'à l'acquisition de biens d'immobilisation accessoires.

2) Programmes culturels - Opérations liées notamment à la mise en oeuvre des activités culturelles mentionnées dans les objectifs de la corporation.

Compte de fonds pour les projets spéciaux

1) Compte de fonds de capital - Opérations liées notamment à l'acquisition de biens d'immobilisation financés en grande partie au moyen de subventions d'immobilisation.

2) Compte de fonds spéciaux - Opérations liées notamment aux projets et aux activités qui ne sont pas de nature culturelle et qui n'ont pas rapport au fonctionnement.

3) Compte de campagnes de financement - Opérations liées notamment aux campagnes de financement.

c) Subventions et contributions reportées

Les fonds obtenus à des fins spécifiques ne sont inscrits à titre de recettes qu'au moment où ils sont dépensés, sauf en ce qui concerne les subventions d'immobilisation.

LE CENTRE CULTUREL FRANCO - MANITOBAIN

Notes to Financial Statements
March 31, 1988

1. Nature of Operations

Le Centre culturel franco-manitobain is incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The Corporation's objectives are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities, in the French language, and to make available Franco-Canadian culture to all residents of the Province.

2. Accounting Policies

a) Basis of Accounting

The Corporation's financial statements have been prepared using the accrual basis of accounting except for capital purchases which are recognized as expenditures in the year of acquisition.

b) Fund Accounts

The Corporation classifies resources used for various purposes into separate Fund Accounts which correspond to its major activities and objectives as follows:

Operating Fund Account

1) General Operations - this fund account includes transactions related to the maintenance of facilities, the general operations of the Corporation and the Cafe Jardin, and the acquisition of minor capital assets.

2) Cultural Programs - this fund account includes transactions related to the delivery of cultural programs as outlined in our Corporate objectives.

Special Purpose Fund Account

1) Capital Fund Account - this fund account includes transactions related to the acquisition of capital assets funded primarily by capital grants.

2) Special Fund Account - this fund account includes transactions related to projects or activities considered neither cultural nor operational in nature.

3) Fund Raising Fund Account - this fund account includes transactions related to fund raising activities.

c) Unexpended Grants and Contributions

Funds received for specific purposes, with the exception of capital grants, are deferred and recorded as revenue at the time the applicable expenditures are made.

2. Conventions comptables (suite)

d) Inventaire

L'inventaire est évalué en fonction du coût ou de la valeur de réalisation nette, selon le moins élevé des deux.

3. Modification aux conventions comptables

La corporation a tranféré le programme culturel du Café jardin du compte des dépenses de fonctionnement général au compte des dépenses des programmes culturels, conformément à sa politique qui est de porter toute dépense au compte qui se rapproche le plus de cette dépense. En raison de cette modification aux conventions comptables, qui s'applique à compter du début de l'exercice, 25 545 $ sont ajoutés au compte des dépenses du programme culturel et ce même montant est retranché du compte des dépenses de fonctionnement général.

4. Subventions à recevoir

	1988	1987
Gouvernement du Canada et ses organismes	5 994 $	12 488 $
Gouvernement du Manitoba et ses organismes	1 472	
Ville de Winnipeg	6 216	5 121
Autres		2 100
	13 682 $	19 709 $

2. Accounting Policies (continued)

d) Inventory

Inventory is valued at the lower of cost and net realizable value.

3. Change in Accounting Policy

As part of the Corporation's ongoing process of ensuring all expenditures are recorded in the fund accounts which most closely reflect the nature of the expenditure, the Corporation has transferred the Cafe Jardin entertainment program from the General Operations Fund Account to the Cultural Program Fund Account. This change in policy has been applied prospectively. The effect of this change in accounting policy is to increase the expenditures of the Cultural Program Fund Account by $25,545 and to decrease by the same amount the expenditures of the General Operations Fund Account.

4. Grants Receivable

	1988	1987
Government of Canada and its agencies	$ 5,994	$ 12,488
Government of the Province of Manitoba and its agencies	1,472	
City of Winnipeg	6,216	5,121
Other		2,100
	$ 13,682	$ 19,709

5. Campagnes de financement

	1988	1987
Recettes :		
Conseil interculturel du Manitoba - bingo	26 683 $	26 063 $
Beaujolais nouveau - Vente de billets	12 840	6 960
Vente d'alcool (recettes nettes)	530	192
Subvention	2 000	
	15 370	7 152
Vente de billets Nevada	8 139	11 993
Contribution de la Fédération des aînés franco-manitobains	1 794	
Intérêt	244	
	52 230	45 208
Dépenses :		
Beaujolais nouveau	8 954	7 235
Achat de billets Nevada	2 898	2 172
Divers	1 491	
	13 343	9 407
Excédent par rapport aux dépenses	38 887 $	35 801 $

LE CENTRE CULTUREL FRANCO - MANITOBAIN

Notes to Financial Statements
March 31, 1988

5. Fund Raising Activities

	1988	1987
Revenues:		
Manitoba Intercultural Council - bingo	$ 26,683	$ 26,063
Beaujolais Nouveau - ticket sales	12,840	6,960
liquor sales (net)	530	192
grant	2,000	
	15,370	7,152
Nevada ticket sales	8,139	11,993
Contribution from the Federation des Aines Franco-Manitobains	1,794	
Interest	244	
	52,230	45,208
Expenditures:		
Beaujolais Nouveau	8,954	7,235
Nevada ticket purchases	2,898	2,172
Miscellaneous	1,491	
	13,343	9,407
Revenues in excess of expenditures	$ 38,887	$ 35,801

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes afférentes aux états financiers
au 31 mars 1988

6. Compte des dépenses de fonctionnement général et des programmes culturels

	1988			1987
	Fonctionnement général	Programmes culturels	Total	Total
Salaires	256 516 $	240 354 $	496 870 $	490 448 $
Services publics	54 538	-	54 538	57 874
Réparations et entretien	25 571	-	25 571	22 765
Fournitures et dépenses de bureau	18 624	37 662	56 286	56 163
Divertissement	-	25 545	25 545	-
Achat d'équipement	9 243	-	9 243	1 518
Location d'équipement	13 265	8 655	21 920	28 429
Achats pour les étalages de vente	7 988	-	7 988	12 098
Réunions et déplacements	7 931	6 077	14 008	25 560
Relations publiques	6 698	9 076	15 774	13 062
Honoraires	5 687	3 572	9 259	7 205
Impôt destiné aux services médicaux et à l'éducation postsecondaire	5 286	4 366	9 652	6 995
Assurance et permis	4 958	-	4 958	4 467
Cours	2 040	2 908	4 948	8 070
Créances irrécouvrables	1 475	-	1 475	70
Divers	6 029	-	6 029	2 051
	425 849 $	338 215 $	764 064 $	736 775 $

7. Transferts interfonds

Afin de refléter plus exactement le coût des programmes culturels, la corporation a transféré du compte des dépenses des programmes culturels au compte des dépenses de fonctionnement général l'utilisation de ses propres locaux au coût de 9 214 $ (1987 : 13 536 $), soit le loyer couramment en vigueur.

Les dépenses liées au programme culturel du Café jardin, qui font partie du compte des dépenses des programmes culturels, s'élevaient déjà à 25 545 $ (note 3). Ces dépenses ont été financées au moyen de la subvention aux programmes culturels de 7 925 $ accordée par le gouvernement du Canada, du transfert de 9 620 $ du compte des dépenses de fonctionnement général et du transfert de 8 000 $ du compte des campagnes de financement.

LE CENTRE CULTUREL FRANCO - MANITOBAIN

Notes to Financial Statements
March 31, 1988

6. General Operations and Cultural Program Fund Account Expenditures

	1988			1987
	General Operations	Cultural Program	Total	Total
Salaries	$ 256,516	$ 240,354	$ 496,870	$ 490,448
Utilities	54,538	-	54,538	57,874
Repairs and maintenance	25,571	-	25,571	22,765
Stationery and office expense	18,624	37,662	56,286	56,163
Entertainment	-	25,545	25,545	-
Equipment purchases	9,243	-	9,243	1,518
Equipment rentals	13,265	8,655	21,920	28,429
Concession purchases	7,988	-	7,988	12,098
Meetings and travel	7,931	6,077	14,008	25,560
Public relations	6,698	9,076	15,774	13,062
Professional fees	5,687	3,572	9,259	7,205
Health and post secondary education levy	5,286	4,366	9,652	6,995
Insurance and permits	4,958	-	4,958	4,467
Courses	2,040	2,908	4,948	8,070
Bad debts	1,475	-	1,475	70
Miscellaneous	6,029	-	6,029	2,051
	$ 425,849	$ 338,215	$ 764,064	$ 736,775

7. Interfund Transfers

To reflect more accurately the cost of "Cultural Programs" the Corporation has recorded the program utilization of facilities by transferring from the Cultural Program Fund Account to the General Operations Fund Account the amount of $9,214 (1987 - $13,536). This balance represents rental charges based at the rates normally charged to other users.

The Cafe Jardin Entertainment Program, which is included in the Cultural Program Fund Account, accumulated expenditures of $25,545 (note 3). This expenditure was funded by a $7,925 allocation of the Government of Canada Cultural Program grant, a $9,620 transfer from the General Operations Fund Account and an $8,000 tranfer from the Fund Raising Fund Account.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

Notes afférentes aux états financiers au 31 mars 1988

8. Les opérations liées aux activités offertes dans le cadre des programmes culturels sont inscrites selon le type d'opération. Ces opérations peuvent aussi être présentées par activité ou programme, comme suit :

	Recettes	Dépenses
Administration générale des programmes	97 192 $	80 607 $
Programmes d'information	63 426	61 263
Activités communautaires	35 312	64 340
Arts et métiers	40 228	38 860
Projets spéciaux	93 946	93 145
	330 104 $	338 215 $

9. Café jardin

Le 1^{er} novembre 1987, les états financiers du Café jardin et du Foyer ont été consolidés. Ceux-ci sont dorénavant exploités sous le nom de Café jardin. Le tableau qui suit reflète les résultats de cette consolidation pour tout l'exercice.

	1988	1987
Recettes :		
Vente d'alcool (déduction faite des impôts)	80 452 $	97 507 $
Vente de produits alimentaires	116 648	49 200
Divers	19 734	18 867
	216 834	165 574
Coût des produits vendus :		
Achats	88 080	70 148
Stock au début de l'exercice	6 273	3 282
	94 353	73 430
Stock à la fin de l'exercice	(7 621)	(6 273)
	86 732	67 157
Frais d'exploitation :		
Salaires	122 188	74 326
Spectacles	-	35 270
Impôt destiné aux services médicaux et à l'éducation postsecondaire	2 617	710
Réparations et entretien	3 270	3 333
Buanderie	1 844	2 911
Publicité	2 454	4 273
Divers	1 795	6 380
Frais de mise en marche	-	14 764
	134 168	141 967
	220 900	209 124
Excédent des dépenses par rapport aux revenus	(4 066)$	(43 550)$

LE CENTRE CULTUREL FRANCO - MANITOBAIN

Notes to Financial Statements
March 31, 1988

8. Transactions for cultural program activities have been presented by nature of transaction. These transactions may also be presented on the basis of program or activity, as follows:

	Revenues	Expenditures
General program administration	$ 97,192	$ 80,607
Information program	63,426	61,263
Community activities	35,312	64,340
Arts and crafts program	40,228	38,860
Special projects	93,946	93,145
	$ 330,104	$ 338,215

9. Cafe Jardin

The operations of the Cafe Jardin and Le Foyer have been consolidated and are now operated under the name Cafe Jardin. The following schedule reflects the consolidated operating results.

	1988	1987
Revenues:		
Liquor sales (net of tax)	$ 80,452	$ 97,507
Food sales	116,648	49,200
Miscellaneous	19,734	18,867
	216,834	165,574
Cost of sales:		
Purchases	88,080	70,148
Opening inventory	6,273	3,282
	94,353	73,430
Closing inventory	(7,621)	(6,273)
	86,732	67,157
Operating expenses:		
Salaries	122,188	74,326
Entertainment	-	35,270
Health and post secondary education levy	2,617	710
Repairs and maintenance	3,270	3,333
Laundry	1,844	2,911
Advertising	2,454	4,273
Miscellaneous	1,795	6,380
Start up costs	-	14,764
	134,168	141,967
	220,900	209,124
Expenditures in excess of revenues	$ (4,066)	$ (43,550)

10. Les dépenses imputées au fonds de capital sont les suivantes :

Garage	44 759 $
Système de sécurité	16 416
Rénovations du Café jardin	13 719
Chaises	7 882
Équipement d'entretien	5 528
Réparation du bâtiment	3 422
	91 726 $

11. Engagements

Le 29 mars 1988 la corporation consacrait 9 879 $ à l'acquisition d'équipement informatique qu'elle a reçu le 19 avril 1988.

12. Le bâtiment à l'usage du Centre culturel franco-manitobain a été construit par la province du Manitoba. Ces locaux sont mis gratuitement à la disposition de la corporation par le gouvernement provincial, ce qui représente pour la corporation un avantage d'environ 264 000 $.

13. Lorsque cela était nécessaire, nous avons indiqué les chiffres correspondants de l'exercice de 1987 afin de nous conformer à la présentation adoptée pour l'exercice se terminant le 31 mars 1988.

10. Expenditures charged to the capital fund account consist of the following:

Garage	$ 44,759
Security system	16,416
Cafe-Jardin renovations	13,719
Chairs	7,882
Maintenance equipment	5,528
Building repairs	3,422
	$ 91,726

11. Commitments

On March 29, 1988 the Corporation committed $9,879 for the acquisition of computer equipment. The equipment was received on April 19, 1988.

12. The building being used for the purposes of Le Centre Culturel Franco-Manitobain has been constructed and is being made available to the Corporation at no charge by the Government of the Province of Manitoba. The value of this benefit is approximately $264,000 annually.

13. Comparative figures for the year ended March 31, 1987 have been restated where necessary to conform with the presentation adopted for March 31, 1988.

Manitoba

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 to 5 of The Legal Aid Services Society of Manitoba for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the position of the Fund of The Legal Aid Services Society of Manitoba as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

August 19, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Fund
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Fund balance beginning of year	$ 24,817	$ 30,462
Excess (deficiency) of receipts over disbursements, Exhibit B	5,317	(5,645)
Fund balance end of year	$ 30,134	$ 24,817
Fund balance represented by:		
Cash on hand and in bank	$ 271,134	$ 714,923
Outstanding reimbursement from the Government of the Province of Manitoba (Note 2.a)	175,000	200,000
Cheques issued and outstanding (Note 2.a)	(416,000)	(890,106)
Fund balance end of year	$ 30,134	$ 24,817

EXHIBIT B

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Statement of Receipts and Disbursements for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Receipts:		
Government of the Province of Manitoba (Note 4)	$ 8,847,202	$8,248,241
The Manitoba Law Foundation (Note 5)	1,464,339	1,345,009
Government of Canada - grant re Northern Para-legal Project	31,075	-
Contributions from clients	129,223	129,816
Recoveries (Note 6)	181,152	167,276
Judgement costs and settlements	22,933	27,533
Interest income	28,057	19,788
Other	3,252	3,154
Total receipts	10,707,233	9,940,817
Disbursements:		
Private bar fees and disbursements (Note 2.a):		
Legal aid certificates	6,087,154	5,715,873
Duty counsel services	79,218	64,567
	6,166,372	5,780,440
Community Law Centres, Schedule 1	2,910,482	2,779,841
Public Interest Law Centre, Schedule 2	253,905	203,153
University Law Centre, Schedule 3	55,163	53,807
Northern Para-legal Project, Schedule 4	84,877	-
General and administrative, Schedule 5	1,231,117	1,126,855
Legal assistance - Northern Community Councils	-	2,366
Total disbursements	10,701,916	9,946,462
Excess (deficiency) of receipts over disbursements Exhibit A	$ 5,317	$ (5,645)

SCHEDULE 1

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Community Law Centres
Schedule of Operating Expenses
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Advertising and information	$ 1,789	$ 682
Certificate disbursements	76,033	82,341
Duplicating services and supplies	26,012	23,953
Fly-in duty counsel program - travel	49,326	43,160
Furniture, equipment and leasehold improvements - net of disposals	44,820	28,679
Health and post secondary education tax levy	45,482	29,243
Library	27,447	26,402
Maintenance	23,484	18,209
Meetings and seminars	15,864	20,825
Office and postage	138,437	115,602
Office relocation	-	5,211
Rent	140,982	115,388
Salaries and benefits - professional	1,745,281	1,722,894
- clerical	416,276	390,998
Staff recruitment	8,704	10,074
Stationery and forms	4,216	2,482
Sundry	1,415	915
Telephone	76,208	72,705
Travel	55,210	60,029
Utilities	13,496	10,049
Total, Exhibit B	$ 2,910,482	$2,779,841

SCHEDULE 2

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Public Interest Law Centre
Schedule of Operating Expenses
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Expert witnesses and consultants	$ 60,629	$ 21,195
File disbursements	6,997	6,504
Furniture and equipment	1,050	8,853
Health and post secondary education tax levy	3,321	1,785
Legal researcher	-	1,241
Meetings and seminars	3,323	2,785
Office and postage	1,726	2,403
Rent	11,587	8,505
Salaries and benefits	157,809	142,535
Sundry	2,490	4,219
Travel	4,973	3,128
Total, Exhibit B	$ 253,905	$ 203,153

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

University Law Centre
Schedule of Operating Expenses
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Certificate disbursements	$ 544	$ 751
Duplicating services and supplies	574	490
Furniture and equipment	403	-
Health and post secondary education tax levy	689	456
Meetings and seminars	-	11
Office and postage	1,898	2,371
Salaries and benefits - professional	24,252	24,739
- clerical	20,360	19,542
Stationery and forms	441	282
Sundry	18	-
Telephone	2,965	2,275
Travel	3,019	2,890
Total, Exhibit B	$ 55,163	$ 53,807

SCHEDULE 4

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Northern Para-legal Project
Schedule of Operating Expenses
for the year ended March 31, 1988

	1988
Advertising and information	$ 143
Fly-in duty counsel program - travel	8,795
Furniture, equipment and leasehold improvements - net of disposals	12,113
Health and post secondary education tax levy	856
Library	26
Meetings and seminars	2,922
Office and postage	105
Professional fees	12,000
Rent	5,313
Salaries and benefits	40,125
Staff recruitment	513
Stationery and forms	1,132
Sundry	59
Travel	775
TOTAL, EXHIBIT B	$ 84,877

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

SCHEDULE 5

Schedule of General and Administrative Operating Expenses for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Advertising and information	$ 2,658	$ 3,165
Bank charges	4,175	5,828
Collections	1,689	3,316
Data processing	57,107	74,650
Directors' fees and expenses	19,530	17,597
Duplicating services and supplies	23,053	17,370
Evaluation study	82	941
Filing fees	160	-
Furniture, equipment and leasehold improvements - net of disposals	31,873	1,401
Health and post secondary education tax levy	17,419	11,090
Library	6,296	4,881
Maintenance	2,238	2,706
Meetings and seminars	4,963	5,810
Office and postage	95,381	79,063
Professional fees	14,631	13,593
Rent	63,192	54,989
Salaries, honoraria and benefits	808,895	769,078
Staff recruitment	28	778
Stationery and forms	31,686	19,589
Sundry	1,091	1,555
Telephone	28,875	26,965
Travel	8,509	9,450
Utilities	7,586	3,040
Total, Exhibit B	$ 1,231,117	$1,126,855

THE LEGAL AID SERVICES SOCIETY OF MANITOBA

Notes to Financial Statements
for the year ended March 31, 1988

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1. Objective of the Society

The objective of the Society is to assist individuals, groups and organizations who, left to their own means, could not afford to retain the services of a lawyer. Clients may be charged a fee based on their ability to pay.

Legal aid may be furnished to groups and organizations involving matters of an interest common to members of the group and relating to issues of public interest such as, but not restricted to, consumer and environmental issues.

Legal aid may be provided to wards of agencies if they would otherwise be eligible for legal aid. The cost of the legal aid provided is recovered from the agencies.

2. Significant Accounting Policies

a) Cash Basis of Accounting

The Society presents its financial statements on a cash basis with the following exceptions:

i) The Society takes into receipts, grants received from the Government of the Province of Manitoba after the end of the fiscal year when these are paid by the Government out of funds voted for the year then ended.

ii) The Society records as disbursements, payments made after the end of the fiscal year of billings for private bar fees and disbursements, when these are reimbursed by the Government out of funds voted for the year then ended. The payments are included in cheques issued and outstanding shown in the Statement of Fund.

b) Fixed Assets

Fixed assets are charged to operations in the year acquired.

c) Pensions

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Society contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Society's employees amounted to $1,277,000 as at December 31, 1987 (1986 - $1,017,500).

d) Salary Related Costs

Staff benefits and other salary related costs are paid directly out of an appropriation of the Government of the Province of Manitoba and are handled by the Society as described below.

Where the amounts of a particular salary related cost are readily determinable, the amount is shown as a receipt from the Government of the Province of Manitoba and as an expenditure in the appropriate disbursement category. The salary related costs recorded in this manner are pension costs as described in (Note 2 c), unemployment insurance, Canada Pension Plan, group life insurance, accidental death and disablement insurance and the health and post secondary education tax levy.

Where the amounts of a particular salary related cost are not readily determinable, these costs are excluded from the Statement of Receipts and Disbursements. The salary related costs which are handled in this manner are Workers Compensation Board assessments, dental plan and long-term disability payments.

3. General and Administrative Expenses

General and administrative expenses incurred to provide services of the Public Interest Law Centre, the University Law Centre and the Society's other programs are reflected in the Schedule of General and Administrative Expenses.

4. Government of the Province of Manitoba Receipts:

	1988	1987
Grants (Note 2.a)	$ 5,675,000	$ 5,300,000
Salaries and other payments	2,998,745	2,903,793
Health and post secondary education tax levy - Civil Service Commission	66,172	42,082
Employer portion of employee benefits - Civil Service Commission	107,285	-
Legal assistance - Northern Community Councils	-	2,366
	$ 8,847,202	$ 8,248,241

5. The Manitoba Law Foundation Receipts:

	1988	1987
Grant	$ 1,204,339	$ 1,085,009
Public Interest Law Centre	200,000	200,000
University Law Centre	60,000	60,000
	$ 1,464,339	$ 1,345,009

6. Recoveries Receipts:

	1988	1987
Wards of agencies	$ 95,274	$ 112,293
Private bar fees	30,434	33,537
Public Interest Law Centre	33,852	21,446
Realty tax refund	21,592	-
	$ 181,152	$ 167,276

7. Significant Commitments, Liabilities and Receivables

a) Commitments

i) Estimated total commitments for future billings on outstanding legal aid certificates amounted to $6,243,000 for the year ended March 31, 1988 (1987 - $4,593,000).

ii) The Society rents facilities under operating leases. The aggregate annual rental of the commitments under the leases, which expire at varying dates to March 31, 1992, are:

1989	$ 238,778
1990	148,601
1991	126,424
1992	57,781
	$ 571,584

b) Liabilities

	1988	1987
Approximate liability for legal aid certificate billings received but unpaid	$ 18,900	$ 52,000
Approximate liability for duty counsel billings received but unpaid	600	2,000
Approximate liability for unpaid operating expenses	88,400	101,000
	$ 107,900	$ 155,000

c) Receivables

Approximate accounts receivable respecting contributions, recoveries and judgements, without providing an allowance for doubtful accounts amounted to $168,000 for the year ended March 31, 1988 (1987 - $138,000).

8. Comparative Figures

Certain comparative figures on the financial statements have been restated to conform with the presentation of the current year.

Manitoba

THE LIQUOR CONTROL COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Liquor Control Commission as at March 31, 1988 and the statements of income and cash flow and the schedule of sales, cost of sales and gross profit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations and its cash flow for the year then ended in accordance with accounting principles as disclosed in note 1 applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA
Provincial Auditor

May 29, 1988
Winnipeg, Manitoba

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

BALANCE SHEET
AS AT MARCH 31, 1988
($000's)

ASSETS

	1988	1987
Current Assets:		
Cash on hand and in banks	$ 2,115	$ 4,138
Accounts receivable - claims and other	258	187
Inventory (Note 2)	14,964	14,223
Prepaid expenses and supplies	349	412
	$17,686	$18,960

LIABILITIES

	1988	1987
Current Liabilities:		
Net profit payable to the Province of Manitoba	$ 5,352	$ 5,262
Accounts payable - trade and other	5,856	7,523
Manitoba Retail Sales Tax payable	1,572	1,441
Deferred licence fees	406	234
	13,186	14,460
Non-interest bearing working capital advance provided by the Province of Manitoba	4,500	4,500
	$17,686	$18,960

APPROVED ON BEHALF OF THE COMMISSION:

A. Chiovin
Chairman

General Manager and
Chief Executive Officer

Assistant General Manager,
Finance and Administration

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1988
($000's)

	1988	1987
Sales:		
Stores and liquor vendors (Note 3)	$181,987	$179,449
Licensees	183,000	170,429
	364,987	349,878
Cost of Sales:		
Stores, liquor vendors, licensees	196,345	190,316
Gross profit	168,642	159,562
Other income (Note 4)	6,284	4,855
	174,926	164,417
General and Administrative Expenses:		
Salaries and benefits	14,420	13,703
Superannuation	1,085	1,003
Alterations, maintenance and repairs	372	364
Audit, legal and other professional fees	111	97
Cleaning and caretaking	447	463
Corporation capital tax	16	16
Delivery charges	981	1,018
Equipment rentals (Note 6)	290	316
Grants in lieu of taxes	447	477
Health and post secondary education tax levy	314	208
Informational programs	196	159
Insurance	14	13
Leased premises - rentals (Note 6)	1,900	1,832
Light, heat, power and water	420	422
Photo ID program	3	17
Printing, postage and stationery	315	273
Product analysis	274	345
Protective services	161	158
Public Investment Corporation levy	107	-
Staff training	71	66
Telephones	171	147
Travelling	226	201
Wrapping supplies	281	276
Miscellaneous	103	114
Board of Commissioners - salaries and expenses	50	57
Licensing Board - salaries and expenses	42	45
	22,817	21,790
Operating profit before fixed assets charged to operations	152,109	142,627
Fixed assets charged to operations (Notes 1 and 5)	658	765
Net profit paid or payable to the Province of Manitoba	$151,451	$141,862

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1988
($000's)

	1988	1987
Cash Receipts:		
Sales - spirits, wine, coolers/ciders & beer	$364,987	$349,878
Annual and supplementary licence fees and other	6,489	5,166
Manitoba Retail Sales Tax	21,489	21,069
	392,965	376,113
Cash Disbursements:		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	198,289	191,852
General and administrative expenses	23,308	22,163
Fixed assets charged to operations	672	759
Manitoba Retail Sales Tax	21,357	21,395
	243,626	236,169
Net cash available for transfer	149,339	139,944
Transfers to Minister of Finance:		
Current year profit	146,100	136,600
Prior year profit	5,262	5,224
	151,362	141,824
Excess of disbursements/transfers over receipts	$ 2,023	$ 1,880
Represented by increase in cash in bank:		
Cash on hand and in bank April 1	$ 4,138	$ 6,018
Less excess of disbursements/transfers over receipts	2,023	1,880
Cash on hand and in bank March 31	$ 2,115	$ 4,138

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

SCHEDULE OF SALES, COST OF SALES AND GROSS PROFIT FOR THE YEAR ENDED MARCH 31, 1988

($000's)

	Spirits	Wine	Coolers/ Ciders	Beer	Total
Sales:					
Stores and liquor vendors	$128,798	$ 34,175	$ 4,005	$ 15,009	$181,987
Licensees	23,886	8,280	873	149,961	183,000
Total Sales for 1988	$152,684	$ 42,455	$ 4,878	$164,970	$364,987
Total Sales for 1987	$152,923	$ 40,154	$ 3,616	$153,185	$349,878
Cost of Sales:					
Total Cost of Sales for 1988	$ 65,894	$ 20,000	$ 2,683	$107,768	$196,345
Total Cost of Sales for 1987	$ 66,335	$ 20,741	$ 2,058	$101,182	$190,316
Gross Profit for 1988	$ 86,790	$ 22,455	$ 2,195	$ 57,202	$168,642
Gross Profit for 1987	$ 86,588	$ 19,413	$ 1,558	$ 52,003	$159,562
Gross Profit as a Percentage of Sales for 1988	56.8	52.9	45.0	34.7	46.2
Gross Profit as a Percentage of Sales for 1987	56.6	48.3	43.1	33.9	45.6

GOVERNMENT OF THE PROVINCE OF MANITOBA

THE LIQUOR CONTROL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1988

($000's)

1. ACCOUNTING POLICIES

The Commission follows generally accepted accounting principles with the following modifications:

a. **Fixed Assets**

Fixed assets are charged to operations in the year acquired.

b. **Pensions**

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $14,550 as at December 31, 1987 (1986 - $14,064).

2. INVENTORY AT COST

	1988	1987
In bond merchandise	$ 8,123	$ 7,716
Duty paid merchandise	6,841	6,507
	$ 14,964	$ 14,223

The amount of unpaid Customs, Excise duties and Sales tax on owned merchandise held in bond was approximately $4,425 at March 31, 1988 (1987 - $4,428).

3. SALES - STORES AND LIQUOR VENDORS

	1988	1987
Sales to liquor vendors	$ 33,160	$ 31,713
Discounts	(2,615)	(2,431)
	30,545	29,282
Store sales	151,442	150,167
	$181,987	$179,449

4. OTHER INCOME

	1988	1987
Supplementary licence fees	$ 4,003	$ 3,831
Miscellaneous	651	411
Occasional permits	433	345
Occasional permits additional fees	924	-
Annual licence fees	254	248
Commission for collecting Manitoba Retail Sales Tax	2	2
Licence application fees	16	18
Disposal of fixed assets	1	-
	$ 6,284	$ 4,855

5. FIXED ASSETS

	1988	1987
Fixed assets charged to operations:		
Equipment and furnishings	$348	$233
Leasehold improvements	222	402
Automobiles	28	46
Systems development	60	84
	$658	$765

6. LONG-TERM LEASES

a. The Commission leases its head office and 13 other buildings from the Government of the Province of Manitoba for the nominal sum of two dollars effective August 1, 1985, for a period of 99 years.

b. The Commission leases another 37 buildings. Leases have expiry dates ranging from 1988 to 2004.

The future minimum lease payments for each of the next five years are as follows:

Year Ending March 31	
1989	$1,244
1990	1,150
1991	981
1992	901
1993	732

c. The Commission leases Hewlett-Packard computer equipment. Leases on the Hewlett-Packard computer equipment have expiry dates ranging from 1988 to 1991.

The future minimum lease payments for each of the years to the expiry of the contracts are as follows:

Year Ending March 31	
1989	$201
1990	145
1991	24

7. MANITOBA RETAIL SALES TAX

In addition to the net profit of $151,451, the Commission remitted Manitoba Retail Sales Tax of $21,357 (1987 - $21,395).

8. COMPARATIVE FIGURES

Prior year's comparative figures have been restated to conform to the classifications adopted for the fiscal year ended March 31, 1988.

Manitoba

MANFOR LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manfor Ltd. as at December 31, 1987 and the statements of operating deficit, operations and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the changes in accounting policies as explained in note 2 to the financial statements, on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

April 22, 1988,
Winnipeg, Manitoba.

MANFOR LTD.

BALANCE SHEET
AS AT DECEMBER 31, 1987

(with comparative figures at December 31, 1986)

ASSETS

	1987	1986
	(Thousands of Dollars)	
CURRENT		
Cash and short-term deposits	$ 14,708	$ 8,211
Accounts receivable - note 3	11,094	11,477
Inventories - note 4	23,176	22,066
Prepaid expenses	702	877
	49,680	42,631
FIXED		
Property, plant and equipment - note 5	155,859	151,172
Rental housing properties	--	1,497
	155,859	152,669
Less accumulated depreciation	66,063	59,832
	89,796	92,837
	$139,476	$135,468

Approved on behalf of the Board:

Director

Director

LIABILITIES

	1987	1986
	(Thousands of Dollars)	
CURRENT		
Accounts payable and accrued liabilities	$ 9,004	$ 7,445
Current portion of mortgages payable	--	21
	9,004	7,466
MORTGAGES PAYABLE	--	865
	9,004	8,331

SHARE CAPITAL AND DEFICIT

	1987	1986
SHARE CAPITAL - note 6	255,640	255,640
OPERATING DEFICIT	(125,168)	(128,503)
	130,472	127,137
	$139,476	$135,468

Statement 2

MANFOR LTD.

STATEMENT OF OPERATING DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for the year ended December 31, 1986)

	1987	1986
	(Thousands of Dollars)	
BALANCE, BEGINNING OF YEAR	$128,503	$126,227
Share Redemption	--	(3,002)
Net (Profit) Loss for the Year	(3,335)	5,278
BALANCE, END OF YEAR	$125,168	$128,503

Statement 3

MANFOR LTD.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for the year ended December 31, 1986)

	1987	1986
	(Thousands of Dollars)	
NET SALES		
Paper	$ 78,768	$ 69,497
Lumber	13,661	8,945
Other	56	612
	92,485	79,054
EXPENSES		
Cost of sales	74,093	66,512
General & administrative	9,831	9,956
	83,924	76,468
OPERATING PROFIT	8,561	2,586
OTHER EXPENSES (INCOME)		
Interest	(1,084)	(133)
Insurance proceeds	(800)	--
(Gain) Loss on disposal of fixed assets	(718)	126
Depreciation	7,828	7,871
	5,226	7,864
NET PROFIT (LOSS) FOR THE YEAR	$ 3,335	$ (5,278)

Statement 4

MANFOR LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for the year ended December 31, 1986)

	1987	1986
	(Thousands of Dollars)	
CASH PROVIDED BY (USED FOR)		
Operating Activities		
Net profit (loss)	$ 3,335	$ (5,278)
Items not affecting cash flow:		
Depreciation	7,828	7,871
(Gain) Loss on disposal of fixed assets	(718)	126
Net change in non-cash working capital balances related to operations	1,007	1,127
	11,452	3,846
Financing Activities		
Issue of preferred shares	--	6,300
Decrease of mortgages payable	(886)	(263)
	(886)	6,037
Investing Activities		
Additions to fixed assets	(5,644)	(2,855)
Proceeds from disposal of fixed assets	1,575	1,432
	(4,069)	(1,423)
INCREASE IN CASH	6,497	8,460
CASH AT BEGINNING OF YEAR	8,211	(249)
CASH AT END OF YEAR	$ 14,708	$ 8,211

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Company.

a. Inventories

Inventories are valued using the following methods:

Logs, Work in Process, and Finished Goods - lower of cost and net realizable value.

Mill stores and other supplies - lower of cost and replacement cost.

Cost is generally determined on an average cost basis.

b. Fixed Assets

At the Company's inception, all assets, except those included in the Engineering Division, were valued on the basis of inventoried expenditures to the date of receivership of the originating Companies, January 7, 1971. The Engineering Division fixed assets were valued on the basis of their estimated useful value as of the above date. All of the above assets have been recorded in a general asset pool which is depreciated as a single asset. All subsequent fixed asset additions have been recorded at cost and, with the exception of mobile equipment and assets relating to the Real Estate and Woodlands Divisions, have been added to the fixed asset pool. The Company ceased making additions to the asset pool as at January 1, 1987, except for the completion costs of construction in progress as at that date. Government grants received which relate to capital expenditures are credited to fixed assets.

Asset disposals are accounted for as follows:

- For those assets recorded in the general asset pool, the original or estimated cost of the asset, net of proceeds, is charged to accumulated depreciation.
- For assets not recorded in the general asset pool, gains or losses are credited or charged to operations.

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Depreciation is being applied as follows:

Roads & Railspurs

- Timber delivered to the millsite related to estimated total yield of area serviced.

Logging and Mobile Equipment

- Hours used related to estimated total usable hours.

General Asset Pool

- Five percent of the cost of remaining assets.

Other Assets

- Straight-line over three to twenty years.

c. Foreign Exchange

Current assets and liabilities of the Company expressed in United States dollars are translated into Canadian dollars at the rate of exchange on the balance sheet date. The resulting net gain or loss is reflected in operations.

d. Pension Costs

The Company pension plans, covering substantially all employees, are defined benefit pension plans. The cost of pension benefits earned by employees is determined using the projected benefit method prorated on service and is charged to earnings as services are rendered. This cost reflects management's best estimates of the pension plans' expected investment yield, salary escalations, mortality of members, terminations, and the ages at which members will retire. Adjustments arising from plan amendments, experience gains or losses, changes in assumptions and the pension fund surplus as at January 1, 1987, are amortized over the estimated average remaining service lives of the employee groups.

2. CHANGES IN ACCOUNTING POLICY

a. Pension Costs and Obligations

Effective January 1, 1987, the Company has adopted prospectively the new recommendations of the Canadian Institute of Chartered Accountants concerning accounting for pension costs and obligations. Previously, the amount funded was also the pension expense for the year. The effect of this change in accounting policy is to increase the 1987 income and prepaid expense balances by $245,000.

b. Fixed Assets

Prior to January 1, 1987, fixed asset acquisitions, except those relating to mobile equipment and the Woodlands and Real Estate Divisions, were added to the general asset pool. Acquisitions made subsequent to this date, except for the completion costs of construction in progress which will be added to the asset pool, are depreciated on a straight-line basis over their estimated useful lives. This change in policy has had no effect on the 1987 income and accumulated depreciation balances.

3. ACCOUNTS RECEIVABLE

	1987	1986
	(Thousands of Dollars)	
Trade	$ 9,425	$ 10,134
Other	1,669	337
D.R.I.E. Grant	--	1,006
	$ 11,094	$ 11,477

MANFOR LTD.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1987

4. INVENTORIES

Inventories consist of the following:

	1987	1986
	(Thousands of Dollars)	
Logs	$ 11,337	$ 10,480
Work in process	2,867	2,309
Finished goods	656	1,150
Mill stores and other supplies	8,316	8,127
	$ 23,176	$ 22,066

5. FIXED ASSETS

	1987			1986
	Cost	Accumulated Depreciation	Net	Net
	(Thousands of Dollars)			
General mill assets	$ 155,133	$ 54,442	$ 100,691	$ 103,294
Development costs	5,296	1,518	3,778	4,318
Mobile equipment	6,720	4,891	1,829	1,046
Roads, railspurs and timber rights	10,072	5,020	5,052	5,026
Other	1,153	192	961	1,668
	178,374	66,063	112,311	115,352
Government assistance	22,515		22,515	22,515
	$ 155,859	$ 66,063	$ 89,796	$ 92,837

6. SHARE CAPITAL

The Company is wholly-owned by the Province of Manitoba and is incorporated under the authority of The Manitoba Natural Resources Development Act.

Shares Authorized:

Common Shares:

Unlimited number of shares.

Preferred Shares:

Class "A"

Unlimited, non-participating, non-voting, carrying a non-cumulative dividend entitlement of 7%, redeemable at $1 per share.

Class "B"

Unlimited, retractable, non-voting, carrying a cumulative dividend entitlement of 11%, redeemable at $1 per share.

Shares Issued:

Common shares at December 31, 1986 and 1987	$ 20,000,000
Class "A" preferred shares at December 31, 1986 and 1987	197,120,809
Class "B" preferred shares at December 31, 1986 and 1987	38,519,000
Total shares issued at December 31, 1987	$255,639,809

The arrears of dividends on the Class "B" preferred shares at December 31, 1987 was $13,163,294. (December 31, 1986, $8,926,204)

7. PENSION PLANS

The Company has established pension plans for all of its employees. Actuarial valuations were performed as at December 31, 1986. The actuarial present value of accrued pension benefits attributed to services rendered up to the reporting date and the value of pension fund assets are as follows:

	1987	1986
	(Thousands of Dollars)	
Accrued pension benefits	$ 8,507	$ 7,249
Pension fund assets	$ 9,682	$ 8,137

8. COMPARATIVE FIGURES

The 1986 figures have been reclassified, where necessary, to conform to the 1987 financial statement presentation.

Manitoba

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 29, 1988,
Winnipeg, Manitoba.

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Balance Sheet
as at March 31, 1988

ASSETS	1988	1987
The Agricultural Credit Corporation Act		
Cash:		
On hand and in bank	$ 14,046	$ 52,163
On deposit with the Minister of Finance (Note 2 a)iv))	2,863,094	5,291,646
	2,877,140	5,343,809
Accounts receivable:		
Rent (Note 7 a))	257,423	274,959
Sale of real estate	264,521	52,444
Conditional incentive grants and accrued interest	13,661	17,679
Other	17,359	15,970
	552,964	361,052
Other receivables (Note 7 a)):		
Stocker program advances (Note 3)	2,650,983	2,322,368
Mortgages, chattels and agreements for sale (Note 4)	218,199,456	217,631,527
Promissory notes (Note 5)	514,437	779,799
Security agreements (Note 6)	996,685	2,478,451
	222,361,561	223,212,145
Real estate (Note 8)	17,332,672	12,668,863
Unamortized debt discount and expense	49,341	55,708
	243,173,678	241,641,577
Part III of The Fisheries Act		
Cash on deposit with the Minister of Finance	16,696	194,429
Prepaid expenses	3,337	1,520
Loans receivable (Note 7 b))	5,357,674	4,640,941
	5,377,707	4,836,890
	$248,551,385	$246,478,467

EXHIBIT A

LIABILITIES AND DEFICIT	1988	1987
The Agricultural Credit Corporation Act		
Accounts payable:		
The Province of Manitoba	$ 824,625	$ 535,242
Other	1,630,172	1,197,472
	2,454,797	1,732,714
Provision for losses on guaranteed operating loans (Note 13 b))	2,117,000	2,819,050
Advances from the Province of Manitoba (Note 9 a))	252,427,879	244,703,258
Deficit account (Note 10 a)):		
Balance at beginning of year	(7,613,445)	(4,707,347)
Excess of expenditure over revenue, Exhibit B	(6,212,553)	(2,906,098)
Balance at end of year	(13,825,998)	(7,613,445)
	243,173,678	241,641,577
Part III of The Fisheries Act		
Accounts payable	9,688	8,601
Advances from the Province of Manitoba (Note 9 b))	5,761,929	4,800,000
Deficit account (Note 10 b)):		
Balance at beginning of year	28,289	28,289
Excess of expenditure over revenue, Exhibit C	(422,199)	-
Balance at end of year	(393,910)	28,289
	5,377,707	4,836,890
	$248,551,385	$246,478,467

EXHIBIT B

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Statement of Revenue and Expenditure
for the year ended March 31, 1988

	1988	1987
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$ 20,881,156	$ 23,332,819
Interest Rate Reduction Program (Note 15)	13,022,630	-
Promissory notes	142,715	182,886
Stocker program	268,704	248,834
Security agreements	157,462	284,881
Cash on deposit with the Minister of Finance	34,802	15,886
Term deposits with the Minister of Finance	991,846	297,077
	35,499,315	24,362,383
Real estate (Note 11)	1,199,003	1,203,253
Other	191,472	26,413
	36,889,790	25,592,049
Expenditure:		
Administration, Schedule 1	14,099,355	10,416,444
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	24,750,101	25,598,959
Interest Rate Reduction Program (Note 15)	13,022,630	-
	37,772,731	25,598,959
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	8,769,743	7,517,256
	29,002,988	18,081,703
Total expenditure	43,102,343	28,498,147
Excess of expenditure over revenue Exhibit A, (Note 10 a))	$ 6,212,553	$ 2,906,098

EXHIBIT C

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Part III of The Fisheries Act
Statement of Revenue and Expenditure
for the year ended March 31, 1988

	1988	1987
Revenue:		
Loan interest	$ 539,082	$ 467,837
Grant from the Province of Manitoba re administration costs (Note 2 b))	348,817	379,756
	887,899	847,593
Expenditure:		
Administration costs:		
Salaries	278,084	264,617
Audit fees	7,220	7,010
Bad debts (Note 7 b))	47,585	99,382
Collection expenses	1,348	1,092
Corporation capital tax	-	(170)
Data processing	7,384	6,406
Employee benefits	20,361	20,172
Furniture and fixtures	3,936	9,349
Health and post secondary education levy	5,417	3,464
Miscellaneous	195	385
Postage	1,893	1,694
Rental of office premises	14,858	12,004
Stationery, supplies and equipment rentals	7,620	5,267
Telephone	11,532	9,852
Travelling	22,468	22,969
Workers compensation	2,165	1,764
	432,066	465,257
Financing charges:		
Interest on advances from Province of Manitoba	465,347	382,336
	897,413	847,593
Excess of expenditure over revenue before refund to the Province of Manitoba	9,514	-
Refund to the Province of Manitoba (Note 10 b))	412,685	-
Excess of expenditure over revenue, Exhibit A, (Note 10b))	$ 422,199	$ -

The Agricultural Credit Corporation Act
Statement of Receipts and Disbursements
for the year ended March 31, 1988

	1988	1987
Receipts:		
Advances from the Province of Manitoba	$ 30,800,000	$ 35,000,000
Collections on account of mortgages, chattels and agreements for sale:		
Principal	13,730,044	12,625,960
Interest	21,997,645	20,019,435
Other charges	1,297,365	912,584
	37,025,054	33,557,979
Collections on account of promissory notes:		
Principal	218,412	187,760
Interest	173,077	201,877
	391,489	389,637
Collections on account of stocker program advances receivable:		
Principal	3,452,771	3,234,206
Interest	192,692	229,247
	3,645,463	3,463,453
Collections on account of security agreements receivable:		
Principal	4,498,386	8,373,899
Interest	187,621	313,716
	4,686,007	8,687,615
Collections on account of Manitoba Interest Rate Relief Program (Note 14)		
Principal	699,626	399,347
Interest	468,669	283,840
	1,168,295	683,187
Interest:		
On cash on deposit with the Minister of Finance	34,802	15,886
On term deposits with the Minister of Finance	991,846	297,077
	1,026,648	312,963
Carried forward	$ 78,742,956	$ 82,094,834

EXHIBIT D

Disbursements:	1988	1987
Mortgages and agreements for sale	$ 16,717,310	$ 27,792,971
Promissory notes	4,067	4,082
Stocker program	3,858,152	3,726,969
Land and building purchases	80,329	92,804
Security agreements	3,235,868	7,103,627
Sundry charges on account of mortgages	922,878	776,181
Taxes charged on land leasing	120,261	126,554
Young farmer rebates	1,586,940	1,858,801
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	20,045,813	18,086,305
Interest Rate Reduction Program (Note 15)	13,022,630	-
	33,068,443	18,086,305
Payment to the Province of Manitoba of collections on account of Manitoba Interest Rate Relief Program (Note 14)		
Principal	607,913	363,103
Interest	485,666	303,959
	1,093,579	667,062
Carried forward	$ 60,687,827	$ 60,235,356

The Agricultural Credit Corporation Act
Statement of Receipts and Disbursements
for the year ended March 31, 1988

	1988	1987
Receipts:		
Brought forward	$ 78,742,956	$ 82,094,834
Proceeds from term deposits	30,000,000	14,150,000
Proceeds from sale of real estate	552,149	1,113,686
Collections on account of land leasing	1,221,785	976,290
Administration costs - Manitoba Interest Rate Relief Program (Note 14)	39,736	32,650
Miscellaneous	565,257	128,030
Trust account:		
Insurance claim proceeds	47,242	5,964
Total cash receipts	111,169,125	98,501,454
Cash on hand, in bank less overdraft, and on deposit with the Minister of Finance at beginning of year	5,343,809	2,237,948
	$116,512,934	$100,739,402

EXHIBIT D

	1988	1987
Disbursements:		
Brought forward	$ 60,687,827	$ 60,235,356
Repayment of capital advances to the Province of Manitoba	18,649,697	17,048,045
Purchase of term deposits	30,000,000	14,150,000
Administration costs	4,292,731	3,618,199
Miscellaneous	5,539	343,993
Total cash disbursements	113,635,794	95,395,593
Cash on hand, in bank and on deposit with the Minister of Finance at end of year	2,877,140	5,343,809
	$116,512,934	$100,739,402

EXHIBIT E

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

Part III of The Fisheries Act
Statement of Receipts and Disbursements
for the year ended March 31, 1988

	1988	1987
Receipts:		
Province of Manitoba:		
Advances	$ 1,000,000	$ 1,100,000
Grant re administration costs	310,746	379,756
	1,310,746	1,479,756
Collections on account of loans:		
Principal	3,222,899	2,936,711
Interest	478,069	418,338
Interest from Province of Manitoba	27,687	34,570
	3,728,655	3,389,619
Miscellaneous	108	507
Total cash receipts	5,039,509	4,869,882
Cash on deposit with the Minister of Finance at beginning of year	194,429	104,869
	$ 5,233,938	$ 4,974,751
Disbursements:		
Loans	$ 3,954,462	$ 4,018,618
Administration costs	384,748	379,368
Interest on advances from the Province of Manitoba	465,347	382,336
Refund to the Province of Manitoba (Note 10 b))	412,685	-
Total cash disbursements	5,217,242	4,780,322
Cash on deposit with the Minister of Finance at end of year	16,696	194,429
	$ 5,233,938	$ 4,974,751

SCHEDULE 1

THE MANITOBA AGRICULTURAL CREDIT CORPORATION

The Agricultural Credit Corporation Act
Schedule of Administration Expenditure
for the year ended March 31, 1988

	1988	1987
Salaries	$ 1,680,506	$ 1,680,362
Advertising	51,062	44,538
Audit fees	28,880	28,040
Bad debts (Notes 2 c) and 7 a))		
- promissory notes	22,802	(34,198)
- mortgages, chattels and agreements for sale	10,118,409	4,878,623
- stocker program	152,777	93,315
- land lease program	67,058	853
- security agreements	189,088	(10,800)
Collection expenses	1,025	4,414
Corporation capital tax	-	(17,414)
Data processing	63,973	59,691
Directors' fees and expenses	20,464	24,946
Ear tags	15,540	(3,569)
Employee benefits	152,195	124,374
Guaranteed loan losses	679,050	2,797,079
Insurance	13,896	6,774
Health and post secondary education levy	37,987	26,063
Messenger service	2,958	3,526
Miscellaneous	1,503	1,639
Office furniture and equipment	19,657	45,662
Office rental, cleaning, light and power	159,592	140,844
Postage	28,031	24,810
Professional fees	10,861	5,287
Property taxes	292,523	135,924
Real estate maintenance	54,086	90,123
Relocation expenses	6,152	1,450
Stationery, office supplies and equipment rental	53,426	56,528
Telephone	45,213	43,602
Travelling	114,014	135,431
Workers compensation	16,627	13,890
The Manitoba Mediation Board expenses	-	14,637
Total administration expenditure, Exhibit B	$ 14,099,355	$ 10,416,444

Notes to the Financial Statements
for the year ended March 31, 1988

1. Nature of Operations

The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

The Corporation carries out the following programs:

a) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

b) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

and the Corporation accounts for each of these programs separately.

2. Significant Accounting Policies

a) The Corporation operates on the accrual basis of accounting except for the following:

i) Equipment and office furniture are charged to operations in the year of acquisition.

ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $2,375,268 at December 31, 1987 (1986 - $1,545,416).

iv) In accordance with the procedures followed by the Province of Manitoba the Corporation's account with the Minister of Finance is held open until May 15, to reflect transactions recorded by the Province as of March 31.

2. (Continued)

v) The Government of the Province of Manitoba provides the services of legal counsel, computer system programmer/analysts and other miscellaneous administrative services at no charge to the Corporation. The costs of these services is estimated to be approximately $140,000. These costs are not reflected in these financial statements.

b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province of Manitoba from its appropriations.

c) The allowances for doubtful accounts are determined on an individual account basis and relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 7. Actual losses on loans and accounts receivable are charged to the appropriate allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. Stocker Program Advances Receivable

Stocker program advances receivable consisted of the following at March 31:

	1988	1987
Renewable interest bearing advances, 18 month term	$ 2,898,589	$ 2,447,183
Interest free advances, 12 month term, discontinued in 1975-76	20,742	20,464
Interest bearing advances under programs discontinued in 1974-75	1,632	2,151
Accrued interest	128,139	99,454
	3,049,102	2,569,252
Less: allowance for doubtful accounts	398,119	246,884
	$ 2,650,983	$ 2,322,368

4. Mortgages, Chattels and Agreements for Sale Receivable

A summary of mortgages, chattels and agreements for sale receivable by years in which the instalments become due and payable is as follows:

Receivable Within:	1988	1987
1 year		
Accrued interest	$ 11,436,003	$ 12,791,468
Arrears	15,524,883	12,764,145
Prepayments	(6,704,700)	(6,358,257)
Regular instalments	8,520,967	6,005,394
	28,777,153	25,202,750
2 years - regular instalments	8,878,737	6,206,947
3 years - regular instalments	9,109,715	6,485,550
4 years - regular instalments	9,416,133	6,936,861
5 years - regular instalments	9,001,044	7,297,988
Over 5 years - regular instalments	167,977,456	174,551,300
	233,160,238	226,681,396
Less: allowance for doubtful accounts	14,960,782	9,049,869
	$ 218,199,456	$ 217,631,527

5. Promissory Notes Receivable

Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December, 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

5. (Continued)

Receivable Within:	1988	1987
1 year		
Accrued interest	$ 78,567	$ 97,592
Arrears	609,335	696,303
Prepayments	(11,977)	(16,637)
Regular instalments	101,141	155,329
	777,066	932,587
2 years - regular instalments	80,152	119,790
3 years - regular instalments	73,134	88,109
4 years - regular instalments	72,182	80,980
5 years - regular instalments	73,607	81,780
Over 5 years - regular instalments	91,434	165,809
	1,167,575	1,469,055
Less: allowance for doubtful accounts	653,138	689,256
	$ 514,437	$ 779,799

6. Security Agreements Receivable

Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $1,229,278 (1987 - $2,523,861) less the allowance for doubtful accounts of $232,593 (1987 - $45,410). These advances are mainly repayable to the Corporation within fourteen months of disbursement.

At March 31, 1988, accrued interest of $52,529 (1987 - $68,293) and arrears of $284,035 (1987 - $208,936) are included in the total security agreements receivable.

7. Allowance for Doubtful Accounts

Asset account balances are shown net of the following allowances for doubtful accounts (Note 2c)):

Asset	Allowance March 31/87	Adjustment Required 1987/88	Accounts Written-Off 1987/88	Required Allowance March 31/88
a) The Agricultural Credit Corporation Act				
Accounts receivable - rent	$ 484,897	$ 67,058	$ 67,718	$ 484,237
Stocker program	246,884	152,777	1,542	398,119
Mortgages, chattels and agreements	9,049,869	10,118,409	4,207,496	14,960,782
Promissory notes	689,256	22,802	58,920	653,138
Security agreements	45,410	189,088	1,905	232,593
	$10,516,316	$ 10,550,134	$ 4,337,581	$ 16,728,869
b) Part III of The Fisheries Act				
Loans receivable	$ 412,685	$ 47,585	$ 38,071	$ 422,199

8. Real Estate

Real estate consists of foreclosures and quit claims, at the lower of the foreclosed amounts and quit claims amounts or appraised values, and purchases for the land lease program, at cost. Approximately 97% of this real estate has been leased, 90% of which is subject to an option to purchase.

9. Advances from the Province of Manitoba

These advances consisted of the following at March 31:

	1988	1987
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest instalments:		
Rates range from 7.5% to 13.375%	$ 243,577,879	$ 225,853,258
Advances repayable at maturity:		
11% due May 1, 1989	-	10,000,000
12.74% due March 3, 2000	8,850,000	8,850,000
	$ 252,427,879	$ 244,703,258
Maturities of principal by fiscal year are as follows:		
1988	$ -	$ 12,576,917
1989	18,241,464	13,331,906
1990	15,506,462	20,225,903
1991	13,555,232	10,986,112
1992	12,634,134	9,865,064
1993	13,832,541	10,848,954
1994 through 2018	178,658,046	166,868,402
	$ 252,427,879	$ 244,703,258
b) Part III of The Fisheries Act:		
Advances repayable on demand, interest payable at prime rates	$ 4,761,929	$ 4,800,000
Advances repayable by March 31, 1989 without interest	1,000,000	-
	$ 5,761,929	$ 4,800,000

10. Deficit Accounts

a) The Agricultural Credit Corporation Act:

During the year ended March 31, 1986, the Province of Manitoba changed the basis for funding the allowances for doubtful accounts under The Agricultural Credit Corporation Act. Previous to that year the Province provided funds to cover the increase in the allowances each year but this practice was discontinued and now the Province provides funds only on accounts actually written off by the Corporation. To initiate this change in funding policy, the Corporation refunded $5,325,064 to the Province of Manitoba in 1986, being the balance of the allowance for doubtful accounts as at March 31, 1985.

This change in funding policy has resulted in increasing the excess of expenditure over revenue for the year ended March 31, 1988 by $6,212,553 (1987 - $2,906,098).

b) Part III of The Fisheries Act

During the year ended March 31, 1988, the Province of Manitoba made a similar change in funding the allowances for doubtful accounts under Part III of The Fisheries Act. The Corporation therefore refunded $412,685 to the Province being the balance of the allowance for doubtful accounts at March 31, 1987.

This change in funding policy has resulted in increasing the excess of expenditure over revenue by $422,199.

11. Sale of Properties

During the year ended March 31, 1988, the Corporation sold sixteen of its properties. The results were as follows:

	Number of Sales	Sales Proceeds	Cost	Gain
Sales to Lessees	3	$ 107,921	$ 66,890	$ 41,031
Sales by Public Tender	13	649,211	641,470	7,741
	16	$ 757,132	$ 708,360	$ 48,772

The total gain of $48,772 (1987 - $146,138) has been included in real estate revenue of $1,199,003 (1987 - $1,203,253).

12. Funds Approved but not Disbursed

These funds as at March 31 amounted to:

	1988	1987
a) The Agricultural Credit Corporation Act:		
Direct loans	$ 1,763,747	$ 4,588,720
Corporate loans	290,623	842,836
Refinancing program - regular	141,516	1,183,443
- corporate	-	462,407
Part-time farmers	42,525	117,775
Stocker program	1,400,619	1,755,546
Land lease program	12,087	3,501
Crown land loans	6,590	56,350
Security agreements	2,400	101,275
Mediated loans	679,600	-
	$ 4,339,707	$ 9,111,853

The Corporate loans amount includes $279,241 (1987 - $283,891) which represents performance bond guarantees to agricultural marketing agencies.

	1988	1987
b) Part III of The Fisheries Act:		
Direct loans	$ 300,329	$ 269,830

13. Contingent Liabilities

At March 31, 1988, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1988, these guaranteed loans amounted to $573,344 (1987 - $1,059,685).

13 (Continued)

b) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12 1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1988, the Corporation's contingent liability amounted to $4,622,313 (1987 - $5,001,020). A partial provision for this contingency has been made in the financial statements in the amount of $2,117,000 (1987 - $2,819,050).

14. Manitoba Interest Rate Relief Program

The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.

15. Interest Rate Reduction Program

During the year the Corporation instituted a program to allow borrowers to reduce their higher interest rate loans to 8%, effective from their last payment date. The Province of Manitoba, in turn, reduced certain of the higher interest rates on its advances to the Corporation. This program required payment of an interest rate reduction fee in the form of a cash payment from the borrower or a further advance from the Corporation on behalf of the borrower to give effect to the interest rate reduction. Funds paid by borrowers and further advances by the Corporation under this program totalled $13,022,630 and were paid to the Province of Manitoba to reduce the Corporation's future interest charges.

16. Comparative Figures

Comparative figures for the year ended March 31, 1987 have been restated where necessary to conform with the presentation adopted for March 31, 1988.

Manitoba

MANITOBA ARTS COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedule 1, of the Manitoba Arts Council for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these statements present fairly the financial position of the Manitoba Arts Council as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

September 12, 1988,
Winnipeg, Manitoba.

MANITOBA ARTS COUNCIL

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Grants and Programs Fund		
Cash on hand and in bank less outstanding cheques	$ (320,451)	$ 287,873
Funds on deposit with the Province of Manitoba	1,090,000	-
Marketable securities (note 4)	3,007,165	2,998,173
Accounts receivable	29,861	77,347
Accrued interest receivable	69,982	39,970
	3,876,557	3,403,363
Manitoba Arts Gaming Fund		
Receivable from Grants and Programs Fund	800,321	567,924
	800,321	567,924
Manitoba Artists' Bank Fund		
Receivable from Grants and Programs Fund	201,029	124,815
Investments, at cost (note 5)	651,026	709,900
Works of art, at cost	36,702	-
	888,757	834,715
Jack Hassard Memorial Trust Fund		
Receivable from Grants and Programs Fund	2,500	2,500
	2,500	2,500
	$ 5,568,135	$ 4,808,502

Exhibit A

LIABILITIES AND BALANCE OF FUNDS

	1988	1987
Grants and Programs Fund		
Accounts payable and accrued liabilities	$ 16,567	$ 35,582
Commitments on grants and programs	1,253,136	915,029
Payable to Manitoba Arts Gaming Fund	800,321	567,924
Payable to Manitoba Artists' Bank Fund	201,029	124,815
Payable to Jack Hassard Memorial Trust Fund	2,500	2,500
Grants and Programs Fund, Exhibit B (notes 3 and 7)	1,603,004	1,757,513
	3,876,557	3,403,363
Manitoba Arts Gaming Fund		
Commitments on distributions to organizations	628,174	179,800
Manitoba Arts Gaming Fund, Exhibit C (note 3)	172,147	388,124
	800,321	567,924
Manitoba Artists' Bank Fund		
Manitoba Artists' Bank Fund, Exhibit D (notes 3 and 7)	852,055	834,715
Investment in works of art	36,702	-
	888,757	834,715
Jack Hassard Memorial Trust Fund		
Jack Hassard Memorial Trust, Exhibit E (note 3)	2,500	2,500
	2,500	2,500
	$ 5,568,135	$ 4,808,502

Exhibit B

MANITOBA ARTS COUNCIL

Grants and Programs Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Province of Manitoba - general grant	$ 1,598,400	$ 1,551,800
- Careerstart	-	1,715
	1,598,400	1,553,515
The Manitoba Lotteries Foundation	4,181,787	4,051,426
Investment income	218,514	161,948
	5,998,701	5,766,889
Expenditures:		
Grants and programs:		
Grants to Organizations	3,422,692	2,977,160
Arts Exposure Program, net of recoveries	328,608	283,248
Creative Arts Program	895,386	673,790
Student Aid Program	55,200	40,890
Touring Program	263,373	256,502
Arts Development Program	538,878	307,206
Total grants and programs	5,504,137	4,538,796
Administrative, Schedule 1	725,150	607,506
Total expenditures	6,229,287	5,146,302
Rescinded grant commitments	(76,077)	(28,092)
Net expenditures	6,153,210	5,118,210
Excess of revenue over expenditures (expenditures over revenue) for the year	(154,509)	648,679
Balance at beginning of year	1,757,513	1,108,834
Balance at end of year, Exhibit A	$ 1,603,004	$ 1,757,513

Exhibit C

MANITOBA ARTS COUNCIL

Manitoba Arts Gaming Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Revenue from casino event	$ 197,127	$ 130,208
Revenue from Gaming Fund of The Manitoba Lotteries Foundation (note 8)	1,041,736	1,065,773
Investment income	62,088	39,005
	1,300,951	1,234,986
Expenditures:		
Grants and programs:		
Distributions to Organizations	1,453,919	970,058
Direct and allocated costs (note 6)	63,009	34,851
	1,516,928	1,004,909
Excess of revenue over expenditures (expenditures over revenue) for the year	(215,977)	230,077
Balance at beginning of year	388,124	158,047
Balance at end of year, Exhibit A	$ 172,147	$ 388,124

Exhibit D

MANITOBA ARTS COUNCIL

Manitoba Artists' Bank Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Investment income	$ 66,049	$ 66,753
Other	1,360	-
	67,409	66,753
Expenditures:		
Acquisitions of works of art	36,702	-
Administrative Expenditures	13,367	7,352
	50,069	7,352
Excess of revenue over expenditures for the year	17,340	59,401
Balance at beginning of year	834,715	775,314
Balance at end of year, Exhibit A	$ 852,055	$ 834,715

Exhibit E

MANITOBA ARTS COUNCIL

Jack Hassard Memorial Trust Fund
Statement of Revenue, Expenditures and Fund Balance
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Investment income	$ 250	$ 250
Expenditures:		
Award	250	250
Excess of revenues over expenditures for the year	-	-
Balance at beginning of year	2,500	2,500
Balance at end of year, Exhibit A	$ 2,500	$ 2,500

Schedule 1

MANITOBA ARTS COUNCIL

Grants and Programs Fund
Schedule of Administrative Expenditures
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Advertising	$ 4,085	$ 4,292
Bank charges	131	1,507
Consultants' fees	43,342	35,106
Council - remuneration	18,876	18,050
- expenses	14,421	4,867
Equipment and art rentals	1,629	2,908
Furniture and equipment	21,681	20,686
Health and Post Secondary Education Tax Levy	10,822	5,501
Miscellaneous	7,442	5,983
Office renovations	2,724	57,760
Office maintenance	2,880	2,522
Office rent	52,355	33,456
Office supplies	8,190	6,457
Printing and stationery	20,473	13,803
Professional fees	5,890	5,837
Salaries and benefits	485,633	380,917
Staff development	6,122	2,893
Systems development	12,871	3,035
Telephone	17,474	10,280
Travel - Council members	9,284	9,066
- staff	6,598	9,590
Total administrative expenditures	752,923	634,516
Less: overhead recovery from the Manitoba Arts Gaming Fund (note 6)	27,773	27,010
Net administrative expenditures, Exhibit B	$ 725,150	$ 607,506

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1988

1. Nature of Operations

The Arts Council Act established the Manitoba Arts Council for the purpose of promoting the study, enjoyment, production and performance of works in the arts.

2. Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles with the exception of points a, b and c below. Grants and programs costs are reflected as expenditures in the accounts when funding is formally approved and committed by Council. The rescinded commitments in the financial statements reflect cancellations of expenditures of the previous years.

a) The Council follows the fund basis of accounting.

b) Gaming revenues are recorded on a cash basis.

c) Fixed assets are charged to expenditures in the year of acquisition.

3. Basis of Accounting

The Council records financial transactions on the fund accounting basis as follows:

a) Grants and Programs Fund

The program fund includes transactions related to the disbursement and administration of grants to organizations and individuals whose purposes are similar to those of the Council as provided in The Arts Council Act.

b) Manitoba Arts Gaming Fund

The Manitoba Arts Gaming Fund accounts for a share of funds received under the terms of an agreement with the Manitoba Lotteries Foundation for the purpose of distributing a share of gaming revenues to charitable arts organizations.

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1988

c) Manitoba Artists' Bank Fund

The Manitoba Artists' Bank Fund was established for the following purposes:

i) To acquire works of art from Manitoba artists for rent to provincial government departments and crown corporations and agencies;

ii) To acquire musical instruments for loan to deserving artists.

Assets acquired through the Manitoba Artists' Bank Fund are reflected as expenditures on the Statement of Revenue, Expenditure and Fund Balance. The total of these acquisitions are shown on the Balance Sheet as assets, at cost, with an offsetting credit to Investment in works of art.

d) Jack Hassard Memorial Trust Fund

In March 1980, the Manitoba Arts Council designated $2,500 to be known as The Jack Hassard Memorial Trust Fund. Annually, an amount representing interest income is awarded to the Portage la Prairie and District Arts Council for its Jack Hassard scholarship.

4. Marketable Securities

Marketable securities are recorded at cost and include a variety of short-term investments in the amount of $2,970,165 that mature within 140 days and a Manitoba Hydro-Electric Board Bond in the amount of $37,000 (market value, $47,334; 1987 - $51,76) which matures December 17, 1998.

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1988

5. Investments

	1988	1987
Annuity, London Life Insurance Company maturing January 15, 1992 providing yearly payments of $95,100	$ 301,026	$ 359,900
The Winnipeg Foundation Consolidated Trust Fund (Market $344,558; 1987-$367,390)	350,000	350,000
Total Exhibit A	$ 651,026	$ 709,900

6. Overhead Recovery

Direct costs associated with the Manitoba Arts Gaming Fund are charged to it on Exhibit C in the amount of $35,236 (1987 - $7,841). In addition, an administrative charge, calculated at 2% of the funds allocated to the Manitoba Arts Gaming Fund by the Manitoba Lotteries Foundation, is collected. In 1988 this charge amounted to $27,773 (1987-$27,010).

7. Commitments and Contingencies

a) Lease Commitment

Council has entered into a lease agreement for office premises until March 2, 1992. The basic rent is $54,340 exclusive of an escalation clause for specific items.

b) Long-Term Commitment

In the 1984 fiscal year, the Winnipeg Symphony Orchestra Inc. arranged deficit financing by way of a loan of $150,000 from private sources. In the same year, Council agreed to provide funding of $15,000 per year for the next ten years to the Symphony for repayment of this loan. The balance outstanding on this guarantee is $90,000 (1987 - $105,000). Funding to Council to this extent has been guaranteed by the Province of Manitoba.

MANITOBA ARTS COUNCIL

Notes to Financial Statements
for the year ended March 31, 1988

c) Manitoba Artists' Bank Fund

Under the Visual Art Bank component of this Fund, Council has approved the acquisition of works of art totalling $42,994. In addition, under the Instrument Bank component Council has approved the acquisition of musical instruments totalling $75,000.

8. Manitoba Arts Gaming Fund

Revenues and expenditures of the Manitoba Arts Gaming Fund do not reflect the results of bingo events administered by the Manitoba Lotteries Foundation. Net proceeds from bingo events are distributed directly to charitable arts organizations by the Manitoba Lotteries Foundation. During the year ended March 31, 1988, the Manitoba Lotteries Foundation distributed net proceeds from bingo events in the amount of $155,067 (1987 - $157,289) to charitable arts organizations.

9. Comparative Figures

Comparative figures for the year ended March 31, 1987 have been restated where necessary to conform with the presentation adopted for March 31, 1988.

Manitoba

THE MANITOBA BEEF COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C, D, E and F, of The Manitoba Beef Commission for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

August 16, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA BEEF COMMISSION

Balance Sheet
as at March 31, 1988

ASSETS

	1988	1987
Current assets:		
Funds on deposit with the Minister of Finance and in bank	$ 1,909,689	$ 3,857,190
Term deposit with the Minister of Finance	2,000,000	2,500,000
Accounts receivable:		
Packers and auction marts	348,816	927,707
Producers, less allowance for doubtful accounts (Note 3)	325,413	356,453
Inventory	45,384	52,754
	$ 4,629,302	$ 7,694,104

LIABILITIES AND FUND ACCOUNT BALANCES

	1988	1987
Current liabilities:		
Accounts payable:		
Producers	$ 605,720	$ 1,940,499
Government of the Province of Manitoba	114,886	47,312
Trade accounts	75,866	77,689
	796,472	2,065,500
Advance from the Government of the Province of Manitoba (Note 4)	23,500,000	33,500,000
	24,296,472	35,565,500
Fund account balances:		
Stabilization Fund Account (deficit), Exhibit C	(19,983,694)	(28,031,230)
Administration Fund Account, Exhibit E	316,524	159,834
	(19,667,170)	(27,871,396)
	$ 4,629,302	$ 7,694,104

EXHIBIT B

THE MANITOBA BEEF COMMISSION

Producer Fund Account
Statement of Operations
for the year ended March 31, 1988

	Finished Cattle	Unfinished Cattle	1988 Total	Finished Cattle	Unfinished Cattle	1987 Total
Revenue:						
Proceeds on sale of cattle	$ 35,912,826	$ 61,515,757	$ 97,428,583	$ 64,216,366	$ 46,624,038	$ 110,840,404
Packer, auction mart, insurance claims and miscellaneous	13,874	3,080	16,954	22,075	5,566	27,641
Net pool adjustments from Administration Fund Account, Exhibit E	1,988	4	1,992	2,163	(3)	2,160
Total revenue	$ 35,928,688	$ 61,518,841	$ 97,447,529	$ 64,240,604	$ 46,629,601	$ 110,870,205
Distribution:						
Assessments:						
Producer premiums, Exhibit C	$ 2,453,964	$ 2,753,400	$ 5,207,364	$ 6,562,461	$ 3,123,479	$ 9,685,940
Marketing fees, Exhibit E	182,361	-	182,361	324,938	-	324,938
	2,636,325	2,753,400	5,389,725	6,887,399	3,123,479	10,010,878
Direct charges						
Assembly fees, etc.	19,397	-	19,397	56,216	976	57,192
Freight	13,354	206	13,560	16,290	119	16,409
Insurance	453	5,035	5,488	1,118	3,600	4,718
Dues paid on behalf of producers - M.C.P.A.	53	75	128	-	-	-
	33,257	5,316	38,573	73,624	4,695	78,319
Producer settlements	33,259,106	58,760,125	92,019,231	57,279,581	43,501,427	100,781,008
Total distribution	$ 35,928,688	$ 61,518,841	$ 97,447,529	$ 64,240,604	$ 46,629,601	$ 110,870,205

EXHIBIT C

THE MANITOBA BEEF COMMISSION

Stabilization Fund Account
Statement of Revenue and Expenditure and Deficit
for the year ended March 31, 1988

	1988	1987
Revenue:		
Producer premiums:		
Producer Fund Account, Exhibit B	$ 5,207,364	$ 9,685,940
Direct from producers	196,070	168,878
	5,403,434	9,854,818
Loan forgiveness contribution (Note 8)	466,447	-
Provincial premium contributions	1,705,647	2,042,370
Recovery of stabilization payments (Note 5)	560,034	588,764
Total revenue	8,135,562	12,485,952
Expenditure:		
Stabilization payments	73,644	12,952,711
Bad debt expense	14,382	315,322
Total expenditure	88,026	13,268,033
Excess of Revenue over Expenditure	8,047,536	(782,081)
Deficit, beginning of year	28,031,230	27,249,149
Deficit, end of year, Exhibit A	$ 19,983,694	$ 28,031,230

EXHIBIT D

THE MANITOBA BEEF COMMISSION

Productivity Enhancement Grant Fund Account
Statement of Operations
for the year ended March 31, 1988

	1988	1,987
Recoveries of grants from producers	$ 46,900	$ 214,930
Less: Bad debt expense	7,370	160,096
	$ 39,530	$ 54,834
Distribution:		
Government of the Province of Manitoba	$ 39,530	$ 54,834

EXHIBIT E

THE MANITOBA BEEF COMMISSION

Administration Fund Account
Statement of Revenue and Expenditure and Fund Account Balance for the year ended March 31, 1988

	1988	1987
Revenue:		
Grant - Government of the Province of Manitoba	$ 294,000	$ 267,600
Interest	301,382	341,627
Marketing fees, Exhibit B	182,361	324,938
Producer penalty	12,500	28,207
Producer interest	55,504	-
Recovery of provincial premium contributions on cancellation of producers' contract (Note 7)	227,465	103,865
Miscellaneous	742	(4,769)
Total Revenue	1,073,954	1,061,468
Expenditure:		
Advertising and promotion	13,054	9,216
Audit	23,660	19,425
Bank charges	8,569	10,795
Computer services and equipment	177,652	205,703
Directors' fees and expenses	38,014	40,699
Delivery	7,699	8,192
Dues and subscriptions	372	435
Furniture and fixtures	-	2,826
Hall rentals	872	683
Health and post-secondary education tax levy	11,592	8,023
Fieldmen expenses	38,700	61,744
Legal Fees	500	-
Net pool adjustments to Producer Fund Account, Exhibit B	1,992	2,160
Postage & telephone	15,898	28,719
Printing and stationery	17,841	27,781
Purchase trading, Exhibit F (Note 9)	1,330	(36,612)
Rentals	450	810
Repairs and maintenance	254	143
Salaries and employee benefits	539,950	559,417
Travel	18,865	16,454
Total Expenditure	917,264	966,613
Excess of Revenue over Expenditure	156,690	94,855
Balance, beginning of year	159,834	64,979
Balance, end of year, Exhibit A	$ 316,524	$ 159,834

EXHIBIT F

THE MANITOBA BEEF COMMISSION

Statement of Purchase Trading Revenue and Expenditure for the year ended March 31, 1988

	1988	1987
Revenue:		
Proceeds on sale of cattle	$ 60,395	$ 471,900
Packer, insurance claims	-	700
Total revenue	60,395	472,600
Direct Expenditure:		
Cattle purchases	58,818	413,231
Freight	2,590	15,344
Yardage, feed and commission	147	6,776
Insurance and grading	170	637
Total direct expenditures	61,725	435,988
Excess of direct expenditure over revenue, Exhibit E (Note 9)	$ 1,330	(36,612)

THE MANITOBA BEEF COMMISSION

Notes to Financial Statements
for the year ended March 31, 1988

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1. Status of the Commission

The Manitoba Beef Commission was established on September 1, 1982 by regulation under the Natural Products Marketing Act, to administer regulations respecting the marketing of beef.

The Commission has administrative responsibility for the following:

a) The Manitoba Beef Marketing Plan was established September 1, 1982 by regulation under the Natural Products Marketing Act. The purpose of this Plan is to maximize the return to the producers in the marketing of beef.

b) The Manitoba Beef Stabilization Plan was established September 1, 1982 by regulation under the Farm Income Assurance Plans Act. The purpose of this Plan is to improve the income stability of participating beef producers. There was also support for a limited period through payment of a special Productivity Enhancement Grant to producers joining the Plan. In accordance with the regulations, separate accounts were established for these operations.

The Producer Fund Account was established on March 1, 1983 to account for the sales of finished and unfinished cattle marketed under the Manitoba Beef Marketing Plan.

The Stabilization Fund Account was established effective September 1, 1982 for operation of the Manitoba Beef Stabilization Plan. It accounts for the collection of premiums from producers enrolled in the Manitoba Beef Marketing Plan, and from the Province and the stabilization payments to producers.

The Productivity Enhancement Grant Fund Account was established to account for payment of a Productivity Enhancement Grant to each producer joining the Manitoba Beef Marketing Plan up to January 21, 1983.

The Administration Fund Account was established to account for the Commission's administrative, marketing and purchase trading operations.

2. Significant accounting policies

a) The financial statements have been prepared on an accrual basis of accounting except for capital acquisitions which are being charged to operations at cost in the year acquired.

2. Significant accounting policies (continued)

   b) The Commission maintains separate divisions in its accounts for the activities of the Producer Fund Account, Stabilization Fund Account, Productivity Enhancement Grant Fund Account and the Administration Fund Account. The assets and liabilities of all of the fund accounts are combined on the balance sheet. The Producer Fund Account and the Productivity Enhancement Grant Fund Account by their nature have nil balances at year end.

   c) The Government of the Province of Manitoba provides for the interest on the advances to the Commission (Note 4); for office space at an approximate annual cost of $68,000; and for certain administrative and field representative services, at no cost to the Commission. The value of these benefits to the Commission is not reflected in the financial statements.

3. Accounts receivable - producers

The accounts receivable from producers consists of:

	1988	1987
Stabilization payments recoverable	$ 546,578	$ 520,395
Productivity enhancement grants	329,570	367,917
Premiums	77,054	153,793
Interest	54,209	-
Other	17,179	22,655
	1,024,590	1,064,760
Less: Allowance for doubtful accounts	699,177	708,307
	$ 325,413	$ 356,453

4. Advance from the Government of the Province of Manitoba

The Government of the Province of Manitoba authorized repayable advances to the Commission of up to $41,600,000 for the purpose of funding the deficit of the Stabilization Fund Account when revenues are not sufficient to pay the producers' stabilization payments under the Manitoba Beef Stabilization Plan. At March 31, 1988 the amount advanced to the Commission was $23,500,000 (1987 - $33,500,000), of which the Commission had drawn $20,662,293 (1987 - $28,554,515) with the balance of $2,837,707 (1987 - $4,945,485) maintained on deposit with the Minister of Finance in a trust account.

4. Advance from the Government of the Province of Manitoba (continued)

Interest charged on the advances by the Department of Finance is paid from an appropriation of the Department of Agriculture in the amount of $2,677,364 in 1988 (1987 - $3,330,739).

5. Termination of contract

A producer may terminate his contract with the Commission at any time. Depending upon the balance of the individual producer account, represented by the producer premiums and stabilization payments, termination by a producer before eight full years will result in a partial return of premiums paid or a partial recovery of stabilization deficiency payments.

6. Productivity Enhancement Grant Fund Account

The Productivity Enhancement Grant Fund Account was established to account for special grants to producers joining the Manitoba Beef Marketing Plan from inception to January 21, 1983.

The grants are not fully earned by the producers until they have completed four years of enrollment in the Plan. Any recoveries from producers terminating their contracts before the grants are fully earned are repayable to the Province.

7. Recovery of provincial premium contributions

The provincial premium contribution portion of the stabilization payments recovered from producers is transferred to the Administration Fund Account. For the year ended March 31, 1988 the recovery of the provincial premium contributions transferred to the Administration Fund Account was $227,465 (1987 - $103,865), which represented a recoverable amount of $232,372 (1987 - $182,486) less bad debt expense of $4,907 (1987 - $78,621).

8. Recovery of loan forgiveness

The Government of the Province of Manitoba funds the earned forgiveness portion of the deficit balances of terminated producer contracts. For the year ended March 31, 1988 the forgiveness portion received from the Province was $466,447 which represented the earned forgiveness for the period September 1, 1982 - March 31,1988.

9. Purchase trading

During the year ended March 31, 1988, the Commission purchased cattle from its clients and subsequently sold these animals out of the Province. Direct expenditures on these transactions have been reflected in the Statement of Purchase Trading Revenue and Expenditure, Exhibit F. Indirect expenditures related to this program are included in Exhibit E.

FOREST GUENETTE CHAPUT COMPTABLES AGRÉÉS
CHARTERED ACCOUNTANTS

262, Marion, Winnipeg, Manitoba, Canada R2H 0T7 (204) 233-8593

Auditors' Report

To the Board of Commissionners
THE MANITOBA BOXING AND WRESTLING COMMISSION
Winnipeg, Manitoba

We have examined the balance sheet of MANITOBA BOXING AND WRESTLING COMMISSION as at March 31, 1988 and the statements of surplus and income for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1988 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Forest Guenette Chaput
Chartered Accountants

Winnipeg, Manitoba
June 23, 1988

Statement "1"

MANITOBA BOXING AND WRESTLING COMMISSION

Balance Sheet

As At March 31, 1988

	1988	1987
ASSETS		
Current Assets		
Cash on hand	$ 25	13
Cash in bank - chequing	2,751	2,837
- savings	6,708	7,333
- term deposits (Note "1")	82,574	84,591
Accounts receivable	1,174	1,182
Accrued interest receivable	364	322
Prepaid expenses	225	225
	$93,821	96,503
LIABILITIES AND SURPLUS		
Current Liabilities		
Accounts payable	$ 2,516	2,788
Performance bond deposits (Note "2")	6,708	7,333
	9,224	10,121
Surplus, Statement "2"	84,597	86,382
	$93,821	96,503

Statement "2"

MANITOBA BOXING AND WRESTLING COMMISSION

Statement of Surplus

Year Ended March 31, 1988

	1988	1987
Balance, beginning of year	$86,382	94,390
Deduct: Net loss, Statement "3"	(1,785)	(8,008)
Balance, end of year	$84,597	86,382

Statement "3"

MANITOBA BOXING AND WRESTLING COMMISSION

Statement of Income

Year Ended March 31, 1988

	1988	1987
Revenue		
Commissions, licenses, permits and passports	$17,424	15,917
Interest income	6,025	6,956
Other income	-	1,000
	23,449	23,873
Operating Expenses		
Secretarial services	9,877	9,062
Conferences and meetings	5,017	2,981
Honoraria	4,050	4,400
Grants and donations	1,575	10,942
Dues, fees and subscriptions	1,571	684
Audit and accounting	1,379	1,475
Supplies	624	391
Public relations (tickets for events and social functions)	450	400
Miscellaneous	263	-
Office expenses	246	187
Bank charges	182	204
Office improvements	-	1,155
	25,234	31,881
Net income (loss) for the year	$(1,785)	(8,008)

Statement "4"

MANITOBA BOXING AND WRESTLING COMMISSION

Notes to Financial Statements

As At March 31, 1988

Note "1" Term Deposits

(a)	Institution: First City Trust Amount: Term: March 30 to April 29, 1988 Rate of interest: 7%	$33,759
(b)	Institution: North West Trust Amount: Term: February 25 to April 24, 1988 Rate of interest: 7½%	48,815
		$82,574

Note "2" Performance Bond Deposits

Performance bonds are deposited in an interest-bearing savings account. Interest earned is remitted to the promoter upon refund of the deposit.

Note "3" Comparative Figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Manitoba

THE MANITOBA CENTENNIAL CENTRE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C and Schedules 1 to 5, of The Manitoba Centennial Centre Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Centennial Centre Corporation as at March 31, 1988 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 3 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 22, 1988,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Balance Sheet

as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Cash on hand and in bank	$ 74,872	$ 45,352
Term deposits - Province of Manitoba (Note 4)	469,602	511,219
Accounts receivable	66,776	78,440
Balance of capital grant, Province of Manitoba, Schedule 5	62,479	-
Inventory of bar supplies and T-shirts, at cost	26,498	23,305
Prepaid expenses	31,167	25,228
	$731,394	$683,544
LIABILITIES		
Accounts payable	$258,643	$183,463
Accrued wages	58,899	50,917
Deferred income	886	841
Deposits on rentals	7,506	7,080
	325,934	242,301
Trust accounts:		
The Maitland Steinkopf Youth Fund, Schedule 2	56,508	58,931
The Manitoba Centennial Citizens' Campaign, Schedule 3	17,573	16,450
The Manitoba Centennial Foundation of the Future, Schedule 4 (Note 5)	16,692	15,172
	90,773	90,553
Reserve for Deductible Costs on Insurance Claims (Note 6)	15,000	15,000
Funds Retained for Working Capital and Future Operations, Exhibit B	299,687	335,690
	$731,394	$683,544

Exhibit B

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Revenues and Expenditures and Retained Funds

for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Rentals:		
Concert Hall	$ 386,977	$ 356,391
Office space	44,705	38,105
Restaurant facilities	67,851	60,069
Bar sales	218,947	184,328
Parking fees	362,351	341,467
Checkroom fees	9,277	9,033
Concession revenue	13,806	13,556
Investment income	23,779	23,965
Miscellaneous income	3,190	326
	1,130,883	1,027,240
Province of Manitoba grant	1,325,200	1,276,900
Recovery of expenditures:		
Museum of Man and Nature (Note 7)	871,404	837,900
Others	91,562	83,864
	962,966	921,764
Total revenues, grants and recoveries	3,419,049	3,225,904
Expenditures, Schedule 1:		
Administration and general	437,605	392,170
Bar operations	149,070	119,362
Concert Hall front of house (Note 8)	135,222	126,298
Building services and maintenance	1,901,556	1,778,387
Parking service	195,976	175,177
Security service	392,622	362,616
Stage operations	237,822	211,575
	3,449,873	3,165,585
Net capital projects, Schedule 5 (Note 3)	5,179	586
Total expenditures	3,455,052	3,166,171
Revenues over (under) expenditures for the fiscal year	(36,003)	59,733
Funds Retained for Working Capital and Future Operations, beginning of year	335,690	275,957
Funds Retained for Working Capital and Future Operations, end of year, Exhibit A	$ 299,687	$ 335,690

Exhibit C

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Cash Position

for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Operations:		
Revenues over (under) expenditures for the fiscal year	$(36,003)	$ 59,733
Change in operating net assets	23,686	98,675
Cash provided (used) by operations	(12,317)	158,408
Trust accounts activities:		
The Maitland Steinkopf Youth Fund	(2,423)	641
The Manitoba Centennial Citizens' Campaign	1,123	1,521
The Manitoba Centennial Foundation for the Future	1,520	1,377
Increase in cash restricted to use in trust activities	220	3,539
Increase (decrease) in cash and term deposits	(12,097)	161,947
Cash and term deposits, beginning of year	556,571	394,624
Cash and term deposits, end of year	$544,474	$556,571
Represented by:		
Cash on hand and in bank	$ 74,872	$ 45,352
Term deposits	469,602	511,219
	$544,474	$556,571

Schedule 1

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule of Expenditures

for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Administration and general:		
Salaries and employee benefits	$ 312,001	$ 294,884
Insurance	33,445	29,902
Telephone	16,589	15,265
Printing and stationery	9,889	5,482
Audit and legal fees	7,240	6,700
Other	13,141	11,360
Health and Post Secondary Education tax levy	45,300	28,577
	437,605	392,170
Bar operations:		
Salaries and employee benefits	48,178	44,071
Cost of beverages sold	87,030	69,983
Other	13,862	5,308
	149,070	119,362
Concert Hall front of house (Note 8)		
Salaries and employee benefits	95,933	90,712
Transportation allowances and other	39,289	35,586
	135,222	126,298
Building services and maintenance:		
Salaries and employee benefits	1,050,461	1,006,650
Light, power and water	336,195	294,886
Heat	290,279	237,853
Repairs, maintenance and supplies	138,388	147,643
Minor capital expenditures	21,146	29,840
Other	65,087	61,515
	1,901,556	1,778,387
Parking services:		
Salaries and employee benefits	96,825	79,344
Agency fees and expenditures	93,427	90,662
Other	5,724	5,171
	195,976	175,177
Security services:		
Salaries and employee benefits	386,051	355,011
Other	6,571	7,605
	392,622	362,616
Stage operations:		
Salaries and employee benefits	214,151	186,318
Repairs, supplies and equipment	23,671	25,257
	237,822	211,575
Total expenditures, Exhibit B	$3,449,873	$3,165,585

Schedule 2

THE MANITOBA CENTENNIAL CENTRE CORPORATION

The Maitland Steinkopf Youth Fund Trust Account

Summary of Transactions
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Investment income	$ 4,880	$ 4,992
Expenditures:		
Greater Winnipeg Schools' Orchestras	1,619	1,155
Mennonite Childrens' Choir	720	-
Red River Exhibition International Band Committee	720	660
The Men's Music Club	1,554	1,596
Winnipeg Area Girl Guides of Canada	940	940
Winnipeg Symphony Orchestra	1,750	-
	7,303	4,351
Revenues over (under) expenditures for the fisal year	(2,423)	641
Balance, beginning of year	58,931	58,290
Balance, end of year, Exhibit A	$ 56,508	$ 58,931
Represented by:		
Amount in term deposit	$ 58,937	$ 60,527
Less - Amount payable	2,429	1,596
	$ 56,508	$ 58,931

Schedule 3

THE MANITOBA CENTENNIAL CENTRE CORPORATION

The Manitoba Centennial Citizens' Campaign Trust Account

Summary of Transactions
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Collections on pledges:		
Campaign '70	$ 550	$ 750
Investment income	1,400	1,289
	1,950	2,039
Expenditures:		
Administration costs	827	518
Revenues over expenditures for the fiscal year	1,123	1,521
Balance, beginning of year	16,450	14,929
Balance, end of year, Exhibit A	$ 17,573	$ 16,450
Represented by:		
Cash in bank	$ 97	$ (314)
Amount in term deposits	17,476	16,764
	$ 17,573	$ 16,450

Schedule 4

THE MANITOBA CENTENNIAL CENTRE CORPORATION

The Manitoba Centennial Foundation of the Future Trust Account

Summary of Transactions
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Investment income	$ 1,520	$ 1,377
Balance, beginning of year	15,172	13,795
Balance, end of year, Exhibit A (Note 5)	$ 16,692	$ 15,172
Represented by:		
Amount in term deposit	$ 16,692	$ 15,172

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Capital Projects

for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Capital projects:		
Box office construction	$ -	$ 13,472
Courtyard electrical	-	13,889
Front driveway repairs	-	8,300
Intercom console	-	3,763
Lighting system - Concert Hall	60,420	-
Parkade and Rupert entrances	-	8,307
Parkade garage doors	13,770	-
Roof repairs	14,258	78,778
Stage air handling system	-	7,600
Stage area ventilation revisions	42,421	-
Stage floor	-	66,477
Sound system - Concert Hall	60,270	-
Systems improvements feasibility study - Museum	14,040	-
	205,179	200,586
Less:		
Capital grants - Province of Manitoba:		
Received during the year	137,521	200,000
Recoverable, Exhibit A	62,479	-
Total capital grants	200,000	200,000
Net capital projects, Exhibit B (Note 3)	$ 5,179	$ 586

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements
March 31, 1988

1. Nature of the Corporation's Operations

The Centennial Centre Corporation was established in 1968 for the development and management of the permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aims and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts.

2. Properties of the Centre

The accounts of the Corporation do not reflect the cost or values of the properties acquired by the Crown for the Centre. However, the buildings and contents are valued for insurance purposes at $51,900,000. The value of the land associated with the various buildings and surface properties would be added to determine total property values for the arts centre. The properties are made available for the purposes of the Corporation at no direct charge by Government.

3. Accounting Policies

The Corporation's financial statements have been prepared using the accrual basis of accounting except for capital acquisitions and pension payments.

Capital projects and other major expenditures are recognized as operating expenditures in the current year except to the extent of funding by capital grants from the Province of Manitoba as reflected separately on Schedule 5.

Pension payments are recognized as operating expenditures only as payments are made under provisions of The Manitoba Civil Service Superannuation Act. The provisions of this Act require the Corporation to contribute 50% of the pension payments being made to retired employees. A provision has not been made in the accounts of the Corporation to fund current or past service obligations to the Civil Service Superannuation Fund. An actuarial report as at December 31, 1986 made a calculation which provided no allowance for future increases in pension due to increases in the cost of living. Based on a formula set out in the report, the figure at December 31, 1987 amounts to $1,268,000 (1986 - $1,180,200).

The actuary also reported on the value of these liabilities based on a calculation which made an allowance for future increases in pension due to increases in the cost of living. The actuary's formula projects this figure to $1,772,100 as at December 31, 1987 (1986 - $1,717,200).

THE MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements
March 31, 1988

4. Funds invested with the Province of Manitoba in term deposits as at March 31, 1988 including accrued interest, are as follows:

	Term Deposits	Accrued Interest	Total
Certificates maturing in 90 days			
Operating Funds	$375,000	$ 1,497	$376,497
Maitland Steinkopf Youth Fund	58,061	876	58,937
Manitoba Centennial Citizens' Campaign	17,308	168	17,476
Five Year Certificate maturing December 31, 1990			
Manitoba Centennial Foundation of the Future	16,296	396	16,692
Total	$466,665	$ 2,937	$469,602

5. In 1969, the Manitoba Centennial Corporation established the "Foundation of the Future". The Board of Directors of the Foundation is to be composed of children born on six special dates in 1970, Manitoba's centennial year. The terms of the Foundation's establishment provide that the Board of Directors is to meet on July 15 in the year 2000 when the use of the fund is to be determined. The amount of original trust was established at $3,050. Based on five year deposit rates with the Province, the trust has increased to $16,692 at March 31, 1988.

6. The insurance program of the Corporation contains a deductible clause requiring the Corporation to pay the first $5,000 on any one claim with a maximum of $15,000 in any one year. The Corporation has set aside a reserve of $15,000 and, as long as the conditions of the insurance coverage are unchanged, it will be maintained at this level.

7. Operating and maintenance costs include the provision of service to the Centennial Centre as a whole including the Museum of Man and Nature and other organizations located within the Centre. Annual payments from the Museum of Man and Nature for operating costs are set by the Province. The amount set for 1987/88 was $871,404 (1986/87 - $837,900) and the estimated cost of services provided was $1,085,500.(1986/87 - $1,022,900).

8. Expenditures designated as "Concert Hall front of house" consist of checkroom, usherette and doorman services.

Manitoba

MANITOBA CROP INSURANCE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of the Manitoba Crop Insurance Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 27, 1988
Winnipeg, Manitoba

MANITOBA CROP INSURANCE CORPORATION

Balance Sheet
As at March 31, 1988

ASSETS

	1988	1987
Cash on deposit with the Minister of Finance and in bank	$ 4,547,192	$ 3,516,933
Term deposits with the Minister of Finance (Note 3)	4,000,000	-
Accrued interest on term deposits	31,089	-
Premiums receivable, net of allowance for doubtful accounts of $714,515 (1987 - $709,995):		
Due from insured persons	993,888	3,308,610
Accrued interest	60,736	198,584
Amount receivable from Reinsurance Fund of Manitoba (Note 4)	884,855	3,464,010
Accounts receivable - Government of the Province of Manitoba	1,177	20,932
Accounts receivable - other	2,090	2,205
Prepaid expenses	14,254	18,616
	$ 10,535,281	$ 10,529,890

EXHIBIT A

LIABILITIES AND RESERVES

	1988	1987
Reinsurance premiums payable (Note 4):		
Government of Canada	$ 194,012	$ 736,868
Government of the Province of Manitoba	388,023	736,868
Amount payable to Reinsurance Fund of Manitoba (Note 5)	-	4,000,000
Advance from the Government of the Province of Manitoba (Note 6)	4,000,000	2,000,000
Indemnities payable	343,526	875,372
Other account and program payables (Note 7)	240,990	124,118
Premiums collected in advance	232,545	230,351
	5,399,096	8,703,577
Reserves for the Payment of Indemnities:		
General Crop Insurance, Exhibit B	-	-
Hail Insurance, Exhibit C	5,136,185	1,826,313
	$ 10,535,281	$ 10,529,890

EXHIBIT B

MANITOBA CROP INSURANCE CORPORATION

General Crop Insurance
Statement of Revenue, Expenditure and
Reserve for the Payment of Indemnities
for the year ended March 31, 1988

	1988	1987
Revenue:		
Premiums:		
Insured persons	$ 17,821,083	$ 23,861,352
Government of Canada (Note 2(B))	19,367,009	23,094,597
	37,188,092	46,955,949
Filing fee	2,630	5,175
Administrative expenses recovered from the Government of the Province of Manitoba Schedule 1 (Note 2(C))	4,318,202	4,322,833
Interest on cash balances and outstanding premiums	209,070	306,102
Total revenue	41,717,994	51,590,059
Expenditure:		
Administrative expenses, Schedule 1 (Note 2(C))	4,318,202	4,322,833
Reinsurance premiums (Note 4):		
Government of Canada	2,904,992	6,928,379
Government of the Province of Manitoba	5,809,984	6,928,379
Discounts	14,772	28,082
Indemnities	29,414,229	36,575,875
Bad debts	140,670	270,521
Total expenditure	42,602,849	55,054,069
Revenue under expenditure	884,855	3,464,010
Reserve for the payment of indemnities:		
Beginning of year	-	-
Recovered from Reinsurance Fund of Manitoba, (Note 4)	884,855	3,464,010
End of year, Exhibit A	$ -	$ -

EXHIBIT C

MANITOBA CROP INSURANCE CORPORATION

Hail Insurance
Statement of Revenue, Expenditure and Reserve for the Payment of Indemnities for the year ended March 31, 1988

	1988	1987
Revenue:		
Premiums charged to insured persons at established rates	$ 6,645,530	$ 8,255,606
Interest on funds invested with the Minister of Finance and outstanding premiums	366,288	303,420
Total revenue	7,011,818	8,559,026
Expenditure:		
Administrative expenses, Schedule 2 (Note 2(C))	837,653	892,368
Indemnities	2,822,271	6,535,684
Bad debts	42,022	128,475
Total expenditure	3,701,946	7,556,527
Revenue over expenditure	3,309,872	1,002,499
Reserve for the Payment of Indemnities:		
Beginning of year	1,826,313	823,814
End of year, Exhibit A	$ 5,136,185	$ 1,826,313

SCHEDULE 1

MANITOBA CROP INSURANCE CORPORATION

General Crop Insurance
Statement of Administrative Expenses
for the year ended March 31, 1988

	1988	1987
Adjusters' wages and expenses	$ 1,197,548	$ 1,335,319
Administration and field in-service training	36,991	19,109
Advertising	25,642	47,247
Appeal tribunal	6,418	8,184
Audit fee	22,792	21,493
Computer equipment, rental and usage	177,331	167,301
Directors' remuneration and expenses	21,374	18,068
District offices' rentals and miscellaneous	52,351	47,139
Employee benefits	145,376	145,615
Employer share of pensions (Note 2(D))	59,562	60,560
Furniture and equipment purchases (Note 2(E))	122,892	56,902
Health and Post Secondary Education Tax Levy	62,352	42,989
Legal fees	25,797	17,250
Miscellaneous	32,926	19,353
Office equipment rentals	10,880	10,741
Postage	26,664	32,365
Printing, stationery and office supplies	117,821	106,736
Salaries	1,948,788	1,975,318
Special studies	1,957	551
Telephone	45,910	44,887
Travel	145,789	119,288
Workers' compensation	31,041	26,418
Total administrative expenses, Exhibit B	$ 4,318,202	$ 4,322,833

MANITOBA CROP INSURANCE CORPORATION

Hail Insurance
Statement of Administrative Expenses
for the year ended March 31, 1988

	1988	1987
Adjusters' wages and expenses	$ 110,539	$ 175,707
Administration and field in-service training	9,248	4,777
Advertising	7,184	11,116
Appeal tribunal	1,605	1,136
Audit fee	2,533	2,261
Computer equipment, rental and usage	44,333	41,825
Directors' remuneration and expenses	5,344	5,426
District offices' rentals and miscellaneous	13,027	11,175
Employee benefits	36,344	36,403
Employer share of pensions (Note 2(D))	14,890	15,140
Furniture and equipment purchases (Note 2(E))	1,697	6,004
Health and Post Secondary Education Tax Levy	15,588	10,747
Legal fees	4,102	3,732
Miscellaneous	8,231	4,838
Office equipment rentals	2,720	2,685
Postage	6,675	8,091
Printing, stationery and office supplies	26,179	24,179
Salaries	477,550	479,070
Special studies	-	551
Telephone	11,528	11,222
Travel	30,576	29,678
Workers' compensation	7,760	6,605
Total administrative expenses, Exhibit C	$ 837,653	$ 892,368

MANITOBA CROP INSURANCE CORPORATION

Notes to Financial Statements
March 31, 1988

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1. Authority

   Manitoba Crop Insurance Corporation is incorporated under a specific Statute of the Province of Manitoba.

2. Significant Accounting Policies

   (A) Programs

   The Corporation operates general crop and hail insurance programs for Manitoba farmers and accounts for these programs separately.

   The Corporation is also responsible for the administration of various agricultural-related programs on behalf of the Governments of the Province of Manitoba and Canada. The funds received to administer these programs are netted against expenditures. The operations of these programs are disclosed in the notes to the financial statements.

   (B) Premiums

   The Corporation recognizes as revenue all premiums earned on crop policies in force during the year. An agreement between the Governments of the Province of Manitoba and Canada provides for the matching by Canada on a cash basis, of insurance premiums collected from insured persons under the General Crop Insurance Program. The matching portion from Canada is shown as revenue. The insurance premium rates are adjusted annually on a basis of a breakeven position being maintained over 10 to 25 years of crop loss experience.

   (C) Administrative Expenses

   The agreement between the Governments of the Province of Manitoba and Canada, referred to in section (B) of this note, also stipulates that all administrative expenses relating to the General Crop Insurance Progam will be met by the Government of the Province of Manitoba. Certain of these costs are common to both the General Crop Insurance Program and the Hail Insurance Program and are allocated on a basis approved by the Corporation's Board of Directors. Administrative expenses relating to the Hail Insurance Program are met by insured farmers. The Corporation's head office and certain of its field office accommodations are provided by the Government of the Province of Manitoba at no charge to the Corporation and accordingly, are not reflected in these financial statements.

(D) Pensions

In accordance with the provisions of The Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to $1,759,450 as at December 31, 1987 ($1,566,155 as at December 31, 1986).

(E) Fixed Assets

Furniture and equipment purchases are charged to operations in the year of acquisition.

3. Term Deposits

The Minister of Finance has invested, on behalf of the Corporation, $4,000,000 received from the Corporation on account of the Hail Insurance Program.

4. Reinsurance Funds - General Crop Insurance

In accordance with the terms of a reinsurance agreement between the Governments of the Province of Manitoba and Canada and the Corporation, the Corporation is liable for reinsurance premiums to the Crop Reinsurance Fund of Manitoba and the Crop Reinsurance Fund of Canada for Manitoba, based on premiums collected plus the matching portion paid by the Government of Canada. When indemnities are in excess of the Corporation's reserve and certain other conditions are met, payments are made from the Reinsurance Funds to the Corporation. Deficits in the Reinsurance Funds are funded by advances from Manitoba and Canada, which are repayable when there is a surplus in the Reserve for the Payment of Indemnities. As at March 31, 1988, there were $1,374,319 (1987 - $5,374,319) in advances to the Reinsurance Fund of Manitoba outstanding from the Government of the Province of Manitoba. Interest is neither credited nor charged to the Funds by Manitoba or Canada.

The changes in the Crop Reinsurance Funds, on a cash basis, for the fiscal year ended March 31, 1988 were as follows:

	Reinsurance Funds	
	Manitoba	Canada for Manitoba
Balances, March 31, 1987	$ 6,191,511	$ 30,813,851
Add:		
Reinsurance premiums	6,158,829	3,447,848
	12,350,340	34,261,699
Deduct:		
Payments on account of indemnities	3,464,010	-
Balances, March 31, 1988	$ 8,886,330	$ 34,261,699

When taking into account the reinsurance premiums payable to and the amounts receivable from the Crop Reinsurance Funds, as shown on the Balance Sheet, the position of the two Funds on an accrued basis as at March 31, 1988, is a balance of $8,387,899 for Manitoba and a balance of $34,455,711 for Canada for Manitoba.

5. Amount Payable to Reinsurance Fund of Manitoba

The Corporation is liable for the repayment, without interest, of advances from the Crop Reinsurance Fund of Manitoba.

6. Advance from the Government of the Province of Manitoba

When necessary, there is a provision for the Corporation to receive interest free working capital advances. The advances received to date are on account of the General Insurance Program.

MANITOBA CROP INSURANCE CORPORATION

Notes to Financial Statements
March 31, 1988

7. Other Programs

A. The Corporation administers the Canada-Manitoba Waterfowl Crop Damage Compensation Program. This program is cost shared between Canada and Manitoba (50/50) and Canada's share of the expenditures is remitted directly to the Province. For the fiscal year ended March 31, 1988, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 144,990
Expenditures:	
Indemnities paid	115,702
Estimated indemnities to be paid	13,400
Administrative expenses	15,888
	144,990
Balance, March 31, 1988	$ -

The estimated indemnities to be paid of $13,400 are reflected in the financial statements under other account and program payables.

B. The Corporation also administers section 89(E) of The Wildlife Act as it applies to compensation for damage to crops caused by migratory waterfowl. Compensation payments are paid entirely by Manitoba. For the fiscal year ended March 31, 1988, the related transactions are as follows:

Receipts:	
Expenditures recovered from the Government of the Province of Manitoba	$ 4,475
Expenditures:	
Indemnities paid	4,475
Balance, March 31, 1988	$ -

Manitoba

MANITOBA DATA SERVICES

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the statement of financial position of Manitoba Data Services as at December 31, 1987 and the statements of operations and retained earnings, and changes in cash resources for the period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Data Services as at December 31, 1987 and the results of its operations and the changes in its cash resources for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

April 8, 1988,
Winnipeg, Manitoba.

MANITOBA DATA SERVICES

STATEMENT OF FINANCIAL POSITION

ASSETS

In thousands of dollars, as at	December 31 1987	March 31 1987
CURRENT ASSETS		
Cash	$ 852	$ 340
Accounts receivable	3 143	4 245
Short-term deposits with the Minister of Finance, Government of the Province of Manitoba, at cost		
- Designated to fund client refund (Note 11)	3 000	--
- Undesignated	19	2 546
Prepaid expenses	90	91
	7 104	7 222
FIXED ASSETS (Note 6)	9 535	13 104
OTHER ASSETS		
Proprietary software (Note 7)	1 925	1 498
Long-term accounts receivable (Note 9)	626	33
Term deposits with the Minister of Finance, Government of the Province of Manitoba, at cost, designated to fund pension liability (Note 4(a))	4 881	4 454
	7 432	5 985
	$24 071	$26 311

The accompanying notes are an integral part of these statements

Approved on behalf of the Board

April 18, 1988

R. M. Silver
Chairperson

R. M. Fraser
Chairman, Audit Committee

MANITOBA DATA SERVICES

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND RETAINED EARNINGS

In thousands of dollars, as at	December 31 1987	March 31 1987
CURRENT LIABILITIES		
Accounts payable	$ 1 900	$ 705
Principal due within one year on advance from the Government of the Province of Manitoba	338	29
Principal due within one year on capital equipment leases	386	1 691
Client refund (Note 11)	3 000	--
	5 624	2 425
LONG-TERM LIABILITIES		
Pension and vested sick leave (Note 4)	5 446	4 940
Advance from the Government of the Province of Manitoba (Note 5) - General	--	1 633
- Health-care program equipment	5 243	--
Capital equipment leases (Note 8)	1 055	6 687
Health-care program equipment	--	5 088
	11 744	18 348
RETAINED EARNINGS	6 703	5 538
	$24 071	$26 311

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

In thousands of dollars, period ended (Note 13)	(9 months) December 31 1987	March 31 1987
REVENUES		
Data processing	$18 609	$23 936
Health-care program costs recoverable (Note 10)	986	--
Interest income	535	591
Miscellaneous (Note 3)	141	287
	20 271	24 814
EXPENSES		
Salaries and administration	8 136	9 680
Computer equipment and software - rental and maintenance	5 565	5 562
Depreciation and amortization	2 610	3 783
Pension and vested sick leave (Note 4)	537	853
Interest		
- Government of the Province of Manitoba (Note 5)	298	375
- Capital equipment leases	392	721
Gain on disposal of computer equipment (Note 8(c))	(1 432)	(14)
	16 106	20 960
NET EARNINGS	4 165	3 854
Client refund (Note 11)	3 000	--
Transferred to Retained Earnings	1 165	3 854
RETAINED EARNINGS -- BEGINNING OF YEAR	5 538	1 684
RETAINED EARNINGS -- END OF YEAR	$ 6 703	$ 5 538

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

STATEMENT OF CHANGES IN CASH RESOURCES

In thousands of dollars, period ended (Note 13)	(9 months) December 31 1987	March 31 1987
OPERATIONS		
Receipts		
Data processing and miscellaneous	$20 335	$24 550
Interest income	445	581
Disbursements		
Salaries and administration, computer equipment and software	(12 410)	(15 457)
Interest	(677)	(1 083)
Cash provided by operations	7 693	8 591
FINANCING		
Capital leases - Acquisition	--	1 328
- Repayment	(876)	(1 226)
Government of the Province of Manitoba		
- Health-care program equipment		
- Advance	5 660	--
- Repayment	(79)	--
- General		
- Repayment	(1 662)	(3 432)
Health-care program equipment	(5 088)	5 088
Payments charged to pension and vested sick leave liability	(31)	(49)
	(2 076)	1 709
Cash available for investment	5 617	10 300
INVESTMENT		
Fixed assets	3 639	6 229
Proceeds from disposal of equipment	(202)	(22)
Proprietary software	768	1 117
Term deposits designated to fund pension liability	427	719
	4 632	8 043
INCREASE IN CASH AND SHORT-TERM DEPOSITS	985	2 257
CASH AND SHORT-TERM DEPOSITS -- BEGINNING OF YEAR	2 886	629
CASH AND SHORT-TERM DEPOSITS -- END OF YEAR	$ 3 871	$ 2 886

The accompanying notes are an integral part of these statements

MANITOBA DATA SERVICES

NOTES TO THE FINANCIAL STATEMENTS -- DECEMBER 31, 1987

(Tabulated amounts in thousands of dollars)

1. ORGANIZATION

The Commission was established by the Manitoba Data Services Act on June 15, 1979, without share capital, to provide electronic data processing services to the Government of the Province of Manitoba and government agencies.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Reporting

The financial statements have been prepared in accordance with generally accepted accounting principles.

(b) Revenue Recognition

Revenue is recorded as services are provided.

(c) Fixed Assets

Fixed assets are initially recorded at cost and include certain leases, which in substance are purchases, capitalized at the lesser of fair value and the present value of the net minimum lease payments.

Depreciation and amortization of owned and leased assets are provided on a straight-line basis to amortize the cost over their estimated useful lives.

	YEARS
Computer equipment	3 to 4
Furniture and fixtures	5 to 10
Leasehold improvements and proprietary software	3 to 5

(d) Pension Plan and Vested Sick Leave

Pension and vested sick leave costs (Note 4) are accrued and charged to operations in the year to which they relate. Payments upon employee retirement or termination are charged to the pension and vested sick leave liability. Actuarial gains and losses on the pension liability, as determined by a triennial actuarial review, are amortized and charged to operations over a three-year period.

3. MISCELLANEOUS REVENUE

	(9 months) December 31 1987	March 31 1987
Equipment rentals	$ 32	$105
Program maintenance	29	81
Client education	20	53
Provincial network	33	42
Other	27	6
	$141	$287

4. PENSION AND VESTED SICK LEAVE

(a) Pension

All employees of the Commission are required to contribute to the Manitoba Civil Service Superannuation Fund at prescribed rates for defined benefits. The Commission is required to reimburse the Superannuation Fund for fifty per cent of payments made to retired employees. The December 31, 1986 triennial actuarial report indicated a net surplus of $582 000, reflecting pension fund assets of $4 278 000 and an actuarial present value obligation of $3 696 000. This surplus is being amortized to operations on a straight-line basis plus interest over a three-year period ending December 31, 1989.

The actuarial present value of the pension obligation determined in accordance with the formula contained in the triennial actuarial report, including provision for increases in pensions due to increases in the cost of living, at December 31, 1987 is $4 881 000 (March 31, 1987: $4 454 000).

A portion of the term deposits with the Minister of Finance, Government of the Province of Manitoba has been designated by the Commission in an amount sufficient to fully fund the pension liability. Interest earned on these designated funds is included in interest income.

(b) Sick Leave Vesting

A portion of each employee's unused annual sick leave allowance is vested payable on termination of employment. The vested amount at December 31, 1987 is $565 000 (March 31, 1987: $486 000).

5. ADVANCE FROM THE GOVERNMENT OF THE PROVINCE OF MANITOBA

On May 6, 1987 the balance of the general debt of the Commission was retired by a principal payment of $1 662 000 plus accrued interest.

On July 15, 1987 an advance of $5 660 000 repayable $77 968 monthly, including interest at 11%, through September, 1997 was received to fund the acquisition of a Unisys Model A12 computer system dedicated to the health-care program.

6. FIXED ASSETS

	December 31 1987			March 31 1987
	Cost	Accumulated Depreciation and Amortization	Net	Net
Computer equipment				
- Owned	$12 087	$4 422	$7 665	$ 5 060
- Capital lease	1 705	764	941	7 130
Furniture and fixtures . .	890	442	448	440
Leasehold improvements . .	972	491	481	474
	$15 654	$6 119	$9 535	$13 104

7. PROPRIETARY SOFTWARE

Proprietary software is shown net of accumulated amortization of $1 641 000 (March 31, 1987: $1 299 000).

8. LEASES

(a) Future minimum payments under capital (computer equipment) and operating (office rental and computer equipment) leases, together with the present value of the net minimum payments under the capital leases, are as follows:

	Leases	
	Capital	Operating
1988	$ 647	$ 6 236
1989	428	4 427
1990	319	3 076
1991	159	--
1992	32	--
Total minimum lease payments	$1 585	$13 739
Less interest element (Weighted Average 11%)	144	
Present value of net minimum lease payments	1 441	
Less principal due within one year	386	
Capital equipment leases payable	$1 055	

(b) In January, 1986 the Commission entered into a sixty-month operating lease agreement for a 3090-200 processor. This lease is terminable by the Commission after thirty-six months upon payment of a termination fee ($438 000) equal to three months lease payments. Management anticipates that the processor shall be returned to the lessor at the end of the thirty-six month period; accordingly, the $438 000 termination fee is being charged to operations over a thirty-six month period.

(c) On July 1, 1987 the second 3090-200 processor, which had been acquired in March, 1986 under a capital lease, was upgraded to a model 400E. The capital lease was cancelled and replaced by a thirty-six month operating lease payable $319 400 per month from October, 1987 with an option to purchase in September, 1990 for $3.4 million.

Cancellation of the capital lease resulted in the recognition of a gain of $1.3 million which is included in the gain on disposal of fixed assets.

9. LONG-TERM ACCOUNTS RECEIVABLE

Term financing is extended to clients for the purchase of computer equipment and for systems development. Principal amounts receivable within one year of $47 000 (March 31, 1987: $26 000) are included in current accounts receivable.

10. HEALTH-CARE PROGRAM

Manitoba Data Services operates the Unisys-based health-care program under the terms of a facilities management agreement with the Manitoba Health Services Commission whereby MDS is guaranteed the full recovery of program costs.

11. CLIENT REFUND

The Commission declared a $3 million refund payable December 31, 1987 to public-sector clients based pro rata upon their contribution to data processing revenue during the 24-month period then ended.

12. RELATED-PARTY TRANSACTIONS

Substantially all revenue earned by the Commission and related accounts receivable are from departments of the Government of the Province of Manitoba, its Crown corporations and agencies.

13. COMPARATIVE FIGURES

The fiscal year end of the Commission was changed during 1987 by Order in Council from March 31 to December 31. Accordingly, operating figures to December 31, 1987 represent a nine-month period. Comparative figures have been restated where appropriate to conform to the current year presentation.

Manitoba

MANITOBA DEVELOPMENT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 4, of the Manitoba Development Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Manitoba Development Corporation as at March 31, 1988 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Our opinion with respect to the comparative amounts shown for the year ended March 31, 1987 was qualified because the Corporation did not recover administrative costs for its participation in the Jobs Fund Development Agreement Program as required by the Development Corporation Act.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

December 12, 1988,
Winnipeg, Manitoba.

Exhibit A

MANITOBA DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988			1987
ASSETS	Part I	Part II	Total	Total
Bank	$ 102,669	$ -	$ 102,669	$ 238,312
Trust funds held	-	1,941	1,941	815
Accounts receivable	209,282	-	209,282	22,562
Due from the Province of Manitoba (note 3)	5,998,641	-	5,998,641	7,805,582
Due from (to) Communities Economic Development Fund (note 2(d))	125,382	-	125,382	(215,457)
Loans receivable, Schedule 1	6,765,679	9,811,680	16,577,359	27,183,991
Equity investments, Schedule 2	-	5,510,239	5,510,239	5,510,239
Office furniture & equipment at cost less accumulated depreciation $58,484 (1987 -$55,338)	39,037	-	39,037	27,137
	$13,240,690	$15,323,860	$28,564,550	$40,573,181
LIABILITIES				
Due to Province of Manitoba	$ 279,120	$ -	$ 279,120	$ 34,368
Accounts payable	286,003	-	286,003	571,040
Interest payable to Province of Manitoba	-	483,176	483,176	839,869
Provision for divestiture costs (note 6)	8,385,186	-	8,385,186	14,685,851
Advances from the Province of Manitoba	4,247,659	14,840,684	19,088,343	24,558,053
Deferred revenue	38,267	-	38,267	-
	13,236,235	15,323,860	28,560,095	40,689,181
SHAREHOLDER'S EQUITY				
Capital Stock: Authorized & Issued - 500,000 shares @ $100 each	50,000,000	-	50,000,000	50,000,000
Deficit, Exhibit B	(49,995,545)	-	(49,995,545)	(50,116,000)
	4,455	-	4,455	(116,000)
	$13,240,690	$15,323,860	$28,564,550	$40,573,181

The accompanying notes are an integral part of these financial statements.

Exhibit B

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Deficit
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Interest and fees:		
Loans and guarantees - Part I	$ 803,450	$ 1,261,006
- Part II	1,021,988	1,875,343
Term deposits	7,159	311,896
Administration fees earned	52,706	19,272
	1,885,303	3,467,517
Rental income - Net	-	5,581
Recoveries - Province of Manitoba (note 4)	151,504	104,909
Profit on sale of property	-	215,703
	2,036,807	3,793,710
Expenditures:		
Interest - Province of Manitoba - Part I	156,231	-
- Part II	1,021,988	1,875,343
Salaries and benefits	418,167	369,083
Other expenses	319,966	261,862
	1,916,352	2,506,288
Sub-Total	120,455	1,287,422
Extraordinary Items:		
Net divestiture costs, Schedule 3	(5,851,792)	(23,628,164)
Recovery from the Province of Manitoba	5,851,792	29,633,037
Excess of revenue over expenditure before CEDF subsidy	120,455	7,292,295
Subsidy to Communities Economic Development Fund	-	(766,951)
Excess of revenue over expenditure	120,455	6,525,344
Deficit - beginning of year	(50,116,000)	(56,641,344)
Deficit - end of year	$(49,995,545)	$(50,116,000)

The accompanying notes are an integral part of these financial statements.

Exhibit C

MANITOBA DEVELOPMENT CORPORATION

Statement of Changes in Cash Position for the year ended March 31, 1988

Cash provided by (used for)		
Operating activities		
Operations, Exhibit B		$ 120,455
Items not affecting cash flow:		
Depreciation		3,146
Allowance for doubtful accounts		100,000
Loan Activities:		
Part I		
Loan principal payments	$ 428,132	
Protective disbursements	(52,791)	375,341
Part II		
Loan principal payments	10,894,308	
Loans issued	(3,514,848)	7,379,460
Net change in non-cash working capital balance related to Flyer divestiture (note 6)		(6,300,665)
Net change in other non-cash working capital balances:		
Part I	1,333,467	
Part II	2,337,909	3,671,376
Purchase of office equipment		(15,046)
		5,334,067
Financing activities		
Advances from the Province of Manitoba:		
Part I	4,247,659	
Part II	(9,717,369)	(5,469,710)
Decrease in cash		(135,643)
Cash at beginning of year, Exhibit A		238,312
Cash at end of year, Exhibit A		$ 102,669

The accompanying notes are an integral part of these financial statements.

Schedule 1

MANITOBA DEVELOPMENT CORPORATION

Summary of Loans Receivable
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Part I:		
Loans made prior to suspension of activities (note 1)	$ 6,865,679	$ 7,297,123
Less: allowance for doubtful accounts	(100,000)	-
	$ 6,765,679	$ 7,297,123
Part II:		
Loans receivable:		
General	$ 3,836,661	$ 3,728,833
Jobs Fund	16,012,379	24,267,486
	19,849,040	27,996,319
Less allowance for:		
Forgiveness	(9,703,360)	(8,109,451)
Doubtful accounts	(334,000)	-
	(10,037,360)	(8,109,451)
	$ 9,811,680	$19,886,868
Loans receivable less allowance for forgiveness and doubtful accounts, Exhibit A	$16,577,359	$27,183,991

The accompanying notes are an integral part of these financial statements.

Schedule 2

MANITOBA DEVELOPMENT CORPORATION

Summary of Equity Investments
as at March 31, 1988
(with 1987 figures for comparison)

Part I:

	1988	1987
Saunders Aircraft Corporation Limited Receivership account (note 5(d))	$ -	$ 100
	-	100
Allowance for losses	-	(100)
Equity investments, less allowance for losses, Exhibit A	$ -	$ -

Part II:

	1988	1987
A. E. McKenzie Co. Ltd. at cost: 12,154,000 preferred shares	$12,154,000	$12,154,000
Allowance for losses	(6,643,761)	(6,643,761)
Equity investment, less allowance for losses, Exhibit A	$ 5,510,239	$ 5,510,239

The accompanying notes are an integral part of these financial statements.

Schedule 3

MANITOBA DEVELOPMENT CORPORATION

Statement of Divestiture Costs of Flyer Industries Limited (Note 6)

As at March 31, 1988

	Costs to March 31, 1987	Divestiture Costs for year ended March 31, 1988 (Exhibit B)	Total Costs to Date
Investment Losses:			
Write off of shares	$34,432,106	$ -	$ 34,432,106
Write off of loan receivable, March 31, 1986	7,280,874	-	7,280,874
	41,712,980	-	41,712,980
Less: Proceeds from sale of shares	(1,000,000)	-	(1,000,000)
Loss on investment	40,712,980	-	40,712,980
Acquisition Costs, July 15, 1986:			
Liabilities assumed	13,368,068	-	13,368,068
Less: Assets acquired	(12,905,144)	-	(12,905,144)
Loss on acquisition	462,924	-	462,924
Other Costs:			
Write down of assets to realizable value	5,028,306	(352,131)	4,676,175
Bank guarantees	19,959,399	-	19,959,399
Outstanding cheques	3,450,030	-	3,450,030
Warranty obligations	15,057,908	6,383,926	21,441,834
Fixed asset acquisitions	4,948,903	(152,426)	4,796,477
Write off of loans & interest	3,815,348	-	3,815,348
Purchase of minority shares	332,522	-	332,522
Severance payments & consultations	1,292,878	(48,839)	1,244,039
Insurance	516,636	(15,637)	500,999
Occupancy costs	286,137	-	286,137
Professional fees	460,000	68,298	528,298
Equipment removal	230,000	(10,072)	219,928
Inventory management	300,000	4,646	304,646
Sundry	191,229	140,722	331,951
	55,869,296	6,018,487	61,887,783
Less Other Proceeds:			
Sales of fixed assets	(3,325,000)	2,000	(3,323,000)
Proceeds from work-in-process	(3,016,890)	-	(3,016,890)
Lease proceeds	(1,365,000)	(3,733)	(1,368,733)
Sundry	(36,092)	(164,962)	(201,054)
	(7,742,982)	(166,695)	(7,909,677)
Net divestiture costs of Flyer Industries Limited	$89,302,218	$5,851,792	$95,154,010

The accompanying notes are an integral part of these financial statements.

Schedule 4

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted for the year ended March 31, 1988

Assistance Approved Under Part II of the Development Corporation Act

Manufacturing Adaptation Program:

Caligiuri Woodworking Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 37,500
Canital Granite Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Contempra Signs Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Crystal Springs Colony Farms Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$50,000
Faroex Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Golden Gong (A Limited Partnership) Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 33,000
Hood Auto Parts & Electric (1977) Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 24,750
Hunter Wire Products Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
I. D. Fashion Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Oak Park Enterprises Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 40,000

Schedule 4

Precision Metalcraft Inc. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Progress Candy (1977) Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Quantic Laboratories Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Rad Cores of Manitoba Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 45,000
Standard Manufacturers Services Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Technical Products International Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
The Tops Manufacturers Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 36,850
Thompson Plastics Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Thor Manufacturing Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Triman Industries Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000
Western Profiles Ltd. Loan - Interest - Crown Corporation Borrowing Rate less 2%	5 year term	$ 50,000

Schedule 4

Jobs Fund - Development Agreements

2159547 Manitoba Ltd. (Invader (Canada) Inc.) Loan - Interest - Nil	5 year term	$ 162,000
Burns Foods (1985) Ltd. Forgivable Loan - Interest - Nil	6 year term	$3,000,000
Dominion Malting Ltd. Loan - Interest - Nil	9 year term	$1,000,000
East-West Packers (1969) Ltd. Forgivable Loan - Interest - Nil	6 year term	$ 77,525
Fripp Fibre Forms Inc. Loan - Interest - Nil	5 year term	$ 600,000
Precise to Form Castings Inc. Loan - Interest - 11%	10 year term	$ 800,000
Small Business Growth Fund (1987) Equity - Subscription in limited partnership units	10 year term	$1,250,000

Canada-Manitoba Tourism Agreement

Childs Lake Lodge & Outfitters Loan - Interest - Nil	Forgivable	$ 40,000
Childs Lake Lodge & Outfitters Loan - Interest - 6%	9 years	$ 40,000
Inverness Falls Resort Inc. Loan - Interest - Nil	Forgivable	$ 35,000
Inverness Falls Resort Inc. Loan - Interest - 6%	9 years	$ 75,000

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements for the year ended March 31, 1988

1. Nature of Operations and Economic Dependence:

   The Corporation provides loans and loan guarantees under Part I and Part II of The Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba. The Corporation's lending operations under Part I were suspended effective November 15, 1977 except since then, further guarantee and loan commitments have been made on the direction of the Province of Manitoba. The Corporation is dependent on the Province of Manitoba for its continued operations.

2. Significant accounting policies:

   (a) Losses under Part I are charged against operations of the Corporation. Divestiture costs are recoverable from the Province. Losses under Part II are the responsibility of the Province. Part II losses and provisions for losses are charged directly against advances received from the Province.

   (b) The accrual basis of accounting is followed except for the accounting for pension costs, and for loans provided by the Corporation. Pension costs are charged to operations as incurred (see note (c) below). Approved loans are recorded when disbursed (see note 5(b)).

   (c) The employees of the Corporation are not members of the Civil Service of the Province but they contribute to, and are pensionable under the Civil Service Superannuation Fund. In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension paid to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. An actuarial report established the value of the liabilities which the Corporation had as at December 31, 1986 as a result of the participation of its employees in the Civil Service Superannuation Act. It also provided a formula to estimate the increase in these liabilities during 1987, 1988 and 1989. On the basis of the report, the unfunded liability for the Corporation's employees amounted to $456,929 as at December 31, 1987, ($403,000 as at December 31, 1986).

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1988

2. (d) The Manitoba Development Corporation is jointly administered with the Communities Economic Development Fund (CEDF). At the year end, common administrative expenses are reviewed and allocated between CEDF and the Corporation on a proportionate basis as determined by officials of CEDF and the Corporation. The allocated administrative expenses do not include expenses for accrued pension benefits, as explained in note 2(c).

(e) Office furniture and equipment is depreciated at 10% on a straight line basis.

3. Due from Province of Manitoba:

The amount due from the Province represents the recoverable balance outstanding for costs or fees incurred by the Corporation on behalf of the following operations:

	1988	1987
The Pas Forestry Complex, (note 5(c))	$ 84,409	$ 70,729
Destination Manitoba	2,907	35,226
Manitoba Interest Rate Relief Program	11,612	11,956
Flyer Industries Ltd. Divestiture, note 6	5,851,792	7,633,037
Tantalum Mining Corporation of Canada Limited	-	54,580
Jobs Fund	47,921	54
	$5,998,641	$7,805,582

4. Recoveries from the Province of Manitoba:

The Corporation is entitled to recover administrative costs for all Part II programs. During the year, the Corporation recovered costs for administering the following programs:

	1988	1987
Tourism Agreement	$ 1,000	$ 4,600
Destination Manitoba	49,975	42,148
Manitoba Interest Rate Relief Program	40,179	58,161
Jobs Fund	50,000	-
Manufacturing Adaptation	10,350	-
	$151,504	$ 104,909

5. Contingent Liabilities and Commitments:

(a) Bank Guarantees, Part II:

The Corporation has provided guarantees under the Jobs Fund Loan Program as follows:

	1988	1987
Gravure Graphics Ltd.	$1,175,000	$1,225,000
Simon Day Ltd.	-	US 794,179

(b) Commitments, Part II:

	1988	1987
Undisbursed balances of approved loans:		
Destination Manitoba	$ -	$ 32,000
Tantalum Mining Corporation of Canada Limited	350,500	350,500
Jobs Fund Loan Program	5,639,050	2,854,986
Canada Manitoba Tourism Agreement	240,000	525,000
Manufacturing Adaptation Program	664,637	-
	$6,894,187	$3,762,486

(c) The Pas Forestry Complex:

In accordance with the terms of an agreement dated March 25, 1975, between Manfor Ltd., the Province and the Corporation, the Corporation has a continuing responsibility to press and defend all claims in connection with the affairs of the several companies comprising The Pas Forestry Complex. All costs incurred by the Corporation in respect of such claims will be reimbursed by the Province.

The remaining funds in the Receiver's accounts will be transferred to the Province when the Receiver settles all outstanding legal issues.

(d) Saunders Aircraft Corporation Limited:

Saunders Aircraft Corporation Limited was placed in receivership by the Manitoba Development Corporation on May 20, 1976. The Manitoba Development Corporation has indemnified the Receiver-Manager for expenses, losses or damages incurred.

Funds realized from the receivership actions, less an estimated amount retained by the Receiver-Manager to cover future administrative costs, are remitted to the Province.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements
for the year ended March 31, 1988

5. (d) Saunders Aircraft Corporation Limited (continued):

The Receiver-Manager has advised the Manitoba Development Corporation that the final outstanding account has been realized. All funds have been received and transferred to the Province by June, 1988. The court has approved the accounts and the Receiver-Manager has been discharged.

(e) New Flyer Industries Limited:

Under the terms of the Divestiture Agreement described in Note 6, the Manitoba Development Corporation is contingently liable for and the Province of Manitoba is ultimately responsible for a bank guarantee, performance bonds, litigation and other contingencies.

6. Flyer Divestiture:

On July 15, 1986, the Manitoba Development Corporation entered into an agreement with BV Carrosseriefabriek den Oudsten en Zonen by which MDC divested itself of its interest in Flyer Industries Limited. Under the terms of this agreement, the shares were sold to BV Carrosseriefabriek den Oudsten en Zonen for $1,000,000 and MDC contracted to receive certain revenues and pay certain costs as described in Schedule "3". The net cost of this divestiture is estimated to be $109 million allocated as follows:

MDC Schedule 3	$ 95,154,010
Province of Manitoba	14,065,000
Total	$109,219,010

The divestiture costs of $95,154,010, related to MDC, are comprised of payments, net of receipts, to March 31, 1988 of $86,768,824 and a provision of $8,385,186 for future anticipated costs and recoveries. A summary of the changes in the provision account is as follows:

Balance, March 31, 1987		$14,685,851
Reduction for payments, net of receipts	$(12,152,457)	
Additional divestiture costs Schedule 3	5,851,792	(6,300,665)
Balance, March 31, 1988		$ 8,385,186

7. Trust Funds Held - Seattle Escrow:

Under the terms of the divestiture agreement described in Note 6, MDC assumed responsibility from Flyer Industries Limited to continue joint administration with the Municipality of Metropolitan Seattle of a trust agreement arranged for the completion of outstanding warranty claims of the Municipality of Metropolitan Seattle. On July 15, 1986, MDC assumed a trust account through this agreement. The balance in the trust account represents the undisbursed portion of funds previously transferred to the account by Flyer Industries Limited. This trust account has not been reflected in the balance sheet.

A summary of transactions in the trust account since July 15, 1986 is as follows (U.S. Funds):

	1988	1987
Opening balance	$ 329,683	$365,497
Interest revenue	17,450	11,768
	347,133	377,265
Warranty payments	(146,117)	(47,582)
Balance, March 31	$ 201,016	$329,683

Any unused funds remaining after warranty completion will be the property of MDC. MDC is not liable for any costs beyond the balance in the trust account.

8. Comparative Figures

Comparative figures have been restated where necessary to conform with the 1988 financial statement presentation.

Deloitte Haskins+Sells

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Winnipeg, Manitoba R3C 3Z3
(204) 949-1370
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AUDITORS' REPORT

To the Board of Directors of
The Manitoba Energy Authority:

We have examined the balance sheet of The Manitoba Energy Authority as at March 31, 1988 and the statements of operations and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Chartered Accountants

September 1, 1988

THE MANITOBA ENERGY AUTHORITY

BALANCE SHEET

MARCH 31, 1988

	1988	1987 (restated)
ASSETS		
CURRENT ASSETS		
Cash	$ 28,928	$ 42,124
Accounts receivable	7,841	3,132
Appropriation receivable	-	69,108
Prepaid expenses and other assets	4,812	2,753
	41,581	117,117
FIXED ASSETS - at cost, less accumulated depreciation (Note 3)	86,237	84,238
DEFERRED PENSION COSTS (Note 5)	174,210	183,378
OTHER ASSETS, at cost	4,336	4,124
	$ 306,364	$ 388,857
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 65,810	$ 98,369
Accrued interest payable	77,735	69,108
	143,545	167,477
ADVANCES DUE TO THE PROVINCE (Note 6)	3,288,095	3,125,000
DEFERRED REVENUE	25,316	25,108
UNFUNDED PENSION LIABILITY (Note 5)	221,666	183,378
	3,678,622	3,500,963
REVENUE DEFICIENCY		
ACCUMULATED REVENUE DEFICIENCY	(3,372,258)	(3,112,106)
	$ 306,364	$ 388,857

THE MANITOBA ENERGY AUTHORITY

STATEMENT OF OPERATIONS AND ACCUMULATED REVENUE DEFICIENCY

YEAR ENDED MARCH 31, 1988

	1988	1987
REVENUE		
Department of Energy and Mines appropriation	$ -	$ 235,166
Miscellaneous revenue	460	-
	460	235,166
EXPENSES		
Operating expenses		
Personnel services	681,944	481,863
Grants	20,000	-
Travel	101,208	88,025
Communications	70,962	81,255
Rentals	98,675	63,014
Professional services	341,008	591,882
Interest expense	244,675	235,248
Depreciation and amortization	21,650	46,561
Other operating	92,395	43,420
	1,672,517	1,631,268
NET REVENUE DEFICIENCY FOR THE YEAR	(1,672,057)	(1,396,102)
ACCUMULATED REVENUE DEFICIENCY, BEGINNING OF YEAR	(3,112,106)	(1,716,004)
REVENUE DEFICIENCY DISCHARGED BY THE PROVINCE OF MANITOBA (Note 1)	1,411,905	-
ACCUMULATED REVENUE DEFICIENCY, END OF YEAR	$(3,372,258)	$(3,112,106)

THE MANITOBA ENERGY AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED MARCH 31, 1988

	1988	1987
OPERATING ACTIVITIES		
Revenue deficiency for the year	$(1,672,057)	$(1,396,102)
Items not affecting cash flow		
Depreciation	21,650	46,561
Amortization of deferred pension costs	9,168	-
Current service pension costs	38,288	-
Cash flow from earnings	(1,602,951)	(1,349,541)
(Increase) in accounts receivable	(4,709)	(3,132)
Decrease (increase) in appropriation receivable	69,108	(23,314)
(Increase) in prepaid expenses and other assets	(2,059)	(705)
(Decrease) in accounts payable and accrued liabilities	(32,559)	(58,092)
Increase in accrued interest payable	8,627	23,314
Increase in deferred revenue	208	25,108
	(1,564,335)	(1,386,362)
INVESTMENT ACTIVITIES		
Purchase of leasehold improvements	(6,700)	(3,949)
Purchase of furniture, furnishings and office equipment	(16,042)	(13,936)
Purchase of word processing and computer equipment/software	(907)	(19,711)
Purchase of other assets	(212)	(4,124)
	(23,861)	(41,720)
FINANCING ACTIVITIES		
Advances from the Province of Manitoba	1,575,000	1,450,000
TOTAL CASH (USED) PROVIDED	(13,196)	21,918
CASH, BEGINNING OF YEAR	42,124	20,206
CASH, END OF YEAR	$ 28,928	$ 42,124

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1988

1. AUTHORITY AND MANDATE

The Manitoba Energy Authority is incorporated under a specific statute in the Province of Manitoba, being "The Manitoba Energy Authority Act", Chapter E112 of the Continuing Consolidation of the Statutes of Manitoba.

The Authority is responsible for the following:

(i) Developing and implementing policies to ensure the long-term stability and availability of electrical energy supply to Manitobans.

(ii) Through its Electrical Energy Marketing Committee, for negotiating export sales of electrical energy with other provincial utilities and with utilities in the United States.

(iii) For promoting the establishment, development and operation of energy intensive industries within the province.

(iv) For co-ordinating all governmental and Manitoba Hydro activities related to industrial and employment benefits associated with the Limestone Generating Station Project. The Manitoba Jobs Fund provides funding for all Limestone-related expenditures.

The Limestone Training and Employment Agency (LTEA) was established with the approval of the Board of Directors of The Manitoba Energy Authority, under Ministerial direction, pursuant to Section 4 of The Manitoba Energy Authority Act, March 25, 1985. Effective July 14, 1987, the Agency was incorporated as a wholly owned subsidiary of The Manitoba Energy Authority under Section 9 of The Manitoba Energy Authority Act. The LTEA organizes all aspects of Limestone-related training, and ensures that northern Manitoba residents have ample opportunities to obtain employment on the project and permanent employment related to the electrical industry.

Consistent with Ministerial intent to ensure that the Authority exercises no control over the LTEA's assets or operations, the Authority does not and will not include the reporting of the Limestone Training and Employment Agency's financial activities in its financial statements. The LTEA will publish its own financial statements incorporating the disbursements of the Departments of Education, Employment Services and Economic Security, and Labour for Limestone-related training, as well as its own direct expenditures.

The Legislature has authorized the borrowing and spending of monies for the operations of The Manitoba Energy Authority as follows:

Legislative Authority - The Loan Act, 1984
Authorization - $5,000,000
Unexpended balance as at March 31, 1988 - $300,000

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1988

1. AUTHORITY AND MANDATE (continued)

The Government of the Province of Manitoba has adopted a new accounting policy effective for its year ended March 31, 1987 with respect to the treatment of the value of its assets related to Crown corporations, Agencies, Boards and Commissions. As a result of this new policy, the Province has, at March 31, 1987 written down the value of its assets based on the non-recoverable cumulative losses recorded by each of these entities.

The application of this policy to the Authority has resulted in the reduction of advances from the Province of Manitoba through forgiveness in the amount of $1,411,905 as at March 31, 1988, by way of Order-in-Council 1383/87.

2. SIGNIFICANT ACCOUNTING POLICIES

Pension costs

Pursuant to Section 29 of The Manitoba Energy Authority Act, the Lieutenant Governor in Council has directed that The Civil Service Superannuation Act apply to employees who were employed under The Civil Service Act immediately prior to becoming employed as officers or employees of The Manitoba Energy Authority effective the date on which they become employed with The Manitoba Energy Authority. In accordance with the provisions of The Civil Service Superannuation Act, the Authority is required to contribute 50% of the pension disbursement made to its retired employees. There has been no funding of pension obligations to date.

The cost of pension benefits provided in exchange for employees' services rendered in the period are determined using the projected benefit method pro rated on services. Deferred pension costs represent the unamortized present value of the pension plan deficit which arose on commencement of the plan. Deferred pension costs are being amortized on a straight-line basis over a period of 20 years.

The Authority has also established a Money Purchase Pension Plan for those employees who do not contribute to The Civil Service Superannuation Fund. This Plan provides for full vesting after a qualifying period by the employees. Both the Authority and the employees contribute to the Plan on the basis of the employees' regular salary.

Depreciation

Depreciable assets other than leasehold improvements are depreciated at the rate of 20% per year on the declining-balance basis.

Leasehold improvements are amortized on the straight-line method over the life of the lease, a period of five years.

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1988

3. FIXED ASSETS

The major categories of fixed assets and related accumulated depreciation as at March 31, 1988 are as follows:

	1988			1987
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and office equipment	$ 83,821	$38,899	$44,922	$40,110
Computer equipment	68,550	35,577	32,973	40,310
Leasehold improvements	10,649	2,307	8,342	3,818
	$163,020	$76,783	$86,237	$84,238

4. NORTHERN STATES POWER COMPANY (NSP) CONTRACT

The Authority negotiated and is co-signer with The Manitoba Hydro-Electric Board in an agreement dated June 14, 1984 to supply 500 MW or 500,000 kilowatts of power to NSP for a 12 year period, May 1, 1993 to April 30, 2005, at an annual average capacity factor of 75%.

Under the terms of The Manitoba Energy Foundation Act, being Chapter 13 of the Statutes of Manitoba, 1986-87 (which may be referred to as Chapter E114 of the Continuing Consolidation of the Statutes of Manitoba), the Authority and Manitoba Hydro shall each be reimbursed an amount equal to the expense incurred by each in negotiating or directing the negotiation of any agreement respecting the long-term export sale of hydro-electric power. Such sales made on and after January 1, 1984 must be designated by an order of the Lieutenant Governor in Council as an agreement for the purpose of The Manitoba Energy Foundation Act.

The Authority and Manitoba Hydro will be reviewing each other's attributable costs to establish reimbursable charges.

5. PRIOR PERIOD ADJUSTMENT

The deferred pension cost and related obligation were not previously recorded due to unavailability of an actuarial report. An actuarial valuation has determined the unfunded liability for the Authority's participating staff in The Civil Service Superannuation Fund as at December 31, 1986 to be $175,100. This liability increased to $183,378 as at March 31, 1987.

The 1987 financial statements have been restated to record a deferred pension cost and an unfunded pension liability of $183,378.

THE MANITOBA ENERGY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1988

6. ADVANCES DUE TO THE PROVINCE

Advances of $1,575,000 and $1,450,000 for the years ended March 31, 1988 and 1987 bear interest at the prevailing bank prime rate and accrued interest is paid quarterly from the Authority's available loan authority. Advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

7. FUTURE COMMITMENTS

Future minimum rental payments required under operating leases for the years ending March 31 are as follows:

1989	$82,685
1990	80,281
1991	83,492
1992	69,577

The Authority has entered into employment contracts with nine of its employees. These agreements terminate during the period January 2, 1990 through January 4, 1991 and presently represent an annual commitment of approximately $607,900.

The Authority has also entered into consulting contracts which have a potential future obligation of approximately $75,300.

8. SUBSEQUENT EVENT

Subsequent to March 31, 1988 a claim was filed against the Authority concerning termination provisions in a former employee's contract. This claim was settled on September 1, 1988, resulting in the Authority owing the former employee $135,504. This settlement will be charged to expense in the fiscal year ending March 31, 1989.

9. COMPARATIVE FIGURES

The prior year's comparative figures were reported on by another firm of chartered accountants.

Manitoba

THE MANITOBA HABITAT HERITAGE CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Manitoba Habitat Heritage Corporation as at March 31, 1988 and the statement of revenue, expenditure and unexpended funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

September 9, 1988,
Winnipeg, Manitoba.

THE MANITOBA HABITAT HERITAGE CORPORATION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Current:		
Cash	$ 13,653	$ 15,515
Term deposits	-	35,000
Prepaid expenses	1,369	-
	15,022	50,515
Fixed:		
Land (Note 2)	146,398	63,614
	$ 161,420	$ 114,129
LIABILITIES AND FUND BALANCES		
Accounts payable and accrued expenses	$ 8,059	$ -
Deferred interest income	-	88
Investment in fixed assets (Note 2)	146,398	63,614
Unexpended funds	6,963	50,427
	$ 161,420	$ 114,129

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Revenue, Expenditure and Unexpended Funds for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Revenues:		
Grant from the Government of the Province of Manitoba	$ 250,000	$ 250,000
Interest	3,787	2,609
Contributions and donations	14,705	934
Project cost recoveries	10,922	-
Total revenue	279,414	253,543
Expenditures:		
Projects:		
Enhancement	161,174	103,677
Acquisition	82,784	63,614
Easements	10,385	14,672
Research studies	7,000	9,320
Public information	34,647	6,244
Grants:		
Turtle River Conservation District	-	1,500
Fort Whyte Centre	11,050	-
Manitoba Naturalists Society	4,500	-
Ducks Unlimited Canada	4,650	-
General and administrative:		
Board meetings	2,268	2,698
Stationery supplies	1,820	1,328
Professional fees	2,500	-
Bank services	100	63
	322,878	203,116
Revenues over (under) expenditures	(43,464)	50,427
Balance of unexpended funds at beginning of year	50,427	-
Unexpended funds at end of year	$ 6,963	$ 50,427

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to the Financial Statements
as at March 31, 1988

1. Nature of Organization

The Manitoba Habitat Heritage Corporation was established in February, 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the fish and wildlife populations.

2. Significant Accounting Policies

a) The financial statements have been prepared in accordance with generally accepted accounting principles except:

i) fixed assets are charged to operating expenditures in the year of acquisition.

ii) fixed assets are capitalized with a corresponding amount being reflected in "Investment in Fixed Assets". No depreciation is taken on fixed assets.

b) Land which is included in fixed assets, is valued at capitalized cost, except for donated land which is valued at the appraised value at acquisition date. Capitalized cost includes the cost of the land, appraisal fees and interest and property taxes to the date of acquisition. Land donated to the Corporation with an appraised value of $13,000 is included in "Donations revenue" and "Acquisition expenditures" in 1988.

c) Professional and administrative support is provided by Fisheries and Wildlife Branches staff of the Department of Natural Resources at no cost to the Corporation. This support is estimated to be $76,500 (1987 - $60,000). These costs are not reflected in these financial statements.

3. Commitments

a) The Corporation leases parcels of land for wildlife habitat. The future minimum lease payments for each of the next five years are:

1989	$ 11,697
1990	12,487
1991	9,750
1992	8,977
1993	4,818

b) The Corporation is committed to expend $47,600 (1987 - $45,000) under cooperative project funding agreements as follows:

1989	$ 26,900
1990	10,350
1991	10,350

Manitoba

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manitoba Hazardous Waste Management Corporation as at December 31, 1987 and the statements of operations and deficit, and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Hazardous Waste Management Corporation as at December 31, 1987 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

J. W. Singleton, CA,
Assistant Provincial Auditor.

April 22, 1988,
Winnipeg, Manitoba.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Balance Sheet
as at December 31,1987

ASSETS	1987
CURRENT	
Cash held in trust by the Province of Manitoba	$ 143,613
Prepaid expenses	3,533
TOTAL ASSETS	$ 147,146
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	$ 117,104
EQUITY	
Share capital (note 3) Authorized - 350,000 shares for a maximum consideration of $35,000,000 Issued and paid - 3304 shares	330,355
Deficit	(300,313)
TOTAL LIABILITIES AND EQUITY	$ 147,146

The accompanying notes are an integral part of the financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Statement of Operations and Deficit
year ended December 31, 1987

	1987
General and administrative expenses	
Wages and benefits	$104,798
Directors' fees and expenses	35,643
Office rental	20,301
Equipment and furniture	45,543
Other office expenses	33,794
	$240,579
Waste disposal and related expenses (Note 3)	
Disposal costs	$ 29,500
Rental of temporary storage facility	1,000
Hazardous Waste Days promotion	9,234
Contracted services	20,000
	$ 59,734
Total expenditures and deficit at end of year	$300.313

The accompanying notes are an integral part of the financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Statement of Changes in Cash Resources
for the year ended December 31, 1987

	1987
Operating activities	
Cash deficiency	$(300,313)
Increases (decreases) in working capital	
Prepaid expenses	(3,533)
Accounts payable	117,104
	113,571
	(186,742)
Financing activities	
Issuance of share capital	330,355
Cash held in trust by the Province of Manitoba	$ 143,613

The accompanying notes are an integral part of the financial statements.

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Notes to Financial Statements
December 31, 1987

1. Status of the Corporation

The Manitoba Hazardous Waste Management Corporation was established as a Crown Corporation under the Manitoba Hazardous Waste Management Corporation Act S.M. 1987, C.10. Under the provisions of the Act, the Corporation will establish and operate a hazardous waste management system which will safely dispose of hazardous waste in accordance with regulations and standards prescribed by the Province of Manitoba. The Corporation also promotes protection of health and safety and the preservation of the environment.

2. Significant Accounting Policies

a) Basis of Accounting

An accrual basis of accounting is used with the exception of purchases of office equipment and office furniture. These items are charged directly to operations in the year in which the charge is incurred.

b) Pension Liability and Expense

The Manitoba Hazardous Waste Management Corporation has requested that the Civil Service Superannuation Act be amended to include the Corporation as an employer under section 6(3) entitled to make contributions to the Civil Service Superannuation Fund matching the employees' contributions. The Corporation accrues a liability and charges to expense an amount equal to pension contributions made by employees. An actuarial determination is not available as to the extent of any unfunded liability.

c) Services Provided by the Government of Manitoba

The cost of services provided by the Government of the Province of Manitoba as outlined in Note 6 are not reflected in these financial statements.

3. Share Capital

The Corporation was originally established without share capital with funding provided by interest bearing advances from the Government of the Province of Manitoba. Amendments to the Manitoba Hazardous Waste Management Corporation Act on July 17, 1987 provided for up to 350,000 shares to be issued for a maximum consideration of $35,000,000. On February 4, 1988, by Order-in-Council 111/88, the outstanding interest bearing advances were retroactively converted into shares held by the Minister of Finance of Manitoba. The Corporation issues share certificates to the Minister of Finance in exchange for equity financing. Equity financing available to the Corporation is held in trust in the Consolidated Fund to be advanced as funds are required to finance operations.

4. Income Tax

The Corporation is owned by the Government of the Province of Manitoba and is therefore exempt from income tax.

5. Leases

The Corporation is committed to a five-year lease with A&L Realty Limited for office space at 530 Century Street. The remaining lease obligation is as follows:

1988	$69,455
1989	$69,455
1990	$69,455
1991	$69,455
1992	$23,152

6. Services Provided by the Government of the Province of Manitoba.

The Government of Manitoba provides certain administrative, legal and management services at no charge to the Corporation. The cost of these services is estimated to be approximately $25,000.

7. Economic Dependence

The Corporation is economically dependent on the Government of the Province of Manitoba.

8. Waste Disposal and Related Expenses

Waste disposal and related expenses were incurred by the Corporation on assuming responsibility for funding public services previously provided by the Department of Environment Workplace Safety and Health.

Manitoba

THE MANITOBA HEALTH RESEARCH COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedule 1, of The Manitoba Health Research Council for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Council as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 3 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

May 9, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA HEALTH RESEARCH COUNCIL

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Cash	$ 524,295	$ 478,627
Grant receivable from the Manitoba Lotteries Foundation	51,103	115,528
Grant receivable from the Government of the Province of Manitoba	500,000	-
Accrued interest	11	11
	$ 1,075,409	$ 594,166
LIABILITIES AND UNEXPENDED FUNDS		
Accounts payable	$ 3,270	$ 4,996
Research grants payable	294,835	306,465
The Manitoba Health Research Council Fund, Exhibit C:		
Reserve for Future Research Fund Account (Note 4)	500,000	-
General Fund Account	277,304	282,705
	777,304	282,705
	$ 1,075,409	$ 594,166

The accompanying notes are an integral part of the financial statements.

EXHIBIT B

THE MANITOBA HEALTH RESEARCH COUNCIL

Statement of Revenues and Expenditures for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Revenues:		
Grant from the Manitoba Lotteries Foundation on the behalf of the Department of Health	$ 787,000	$ 787,000
Grant from the Manitoba Lotteries Foundation	509,476	695,373
Grant from the Government of the Province of Manitoba	500,000	-
Returned grant funds	20,325	21,078
Bank interest	34,665	26,524
Insurance recovery	-	743
	1,851,466	1,530,718
Expenditures:		
Research grants (Note 3(b)):		
University of Manitoba on behalf of grantees	1,294,835	1,296,465
Manitoba Cancer Treatment and Research Foundation on behalf of grantees	-	14,200
University of Arizona on behalf of grantee	11,795	-
	1,306,630	1,310,665
Administration expenses, Schedule 1, Note 6	50,237	50,150
	1,356,867	1,360,815
Revenues over expenditures (Exhibit C)	$ 494,599	$ 169,903

The accompanying notes are an integral part of the financial statements.

EXHIBIT C

THE MANITOBA HEALTH RESEARCH COUNCIL

Statement of the Manitoba Health Research Council Fund
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Reserve for Future Research Fund Account:		
Balance, beginning of year	$ -	$ -
Funds tranferred from the General Fund Account	500,000	-
Balance, end of year	500,000	-
General Fund Account:		
Balance, beginning of year	282,705	112,802
Revenues over expenditures (Exhibit B)	494,599	169,903
	777,304	282,705
Funds transferred to Reserve for Future Research Fund Account	(500,000)	-
Balance, end of year	277,304	282,705
The Manitoba Health Research Council Fund, Exhibit A	$ 777,304	$ 282,705

THE MANITOBA HEALTH RESEARCH COUNCIL

Administration Expenses
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Accounting and audit	$ 1,425	$ 1,250
Bank charges	160	78
Council and committee expenses	574	539
Insurance	125	125
Office equipment (Note 3(a))	273	1,303
Postage and delivery	985	899
Printing and stationery	3,893	2,001
Salaries and benefits	42,475	43,547
Telephone	327	408
Total administration expenses, Exhibit B Note 6	$ 50,237	$ 50,150

The accompanying notes are an integral part of the financial statements.

THE MANITOBA HEALTH RESEARCH COUNCIL

Notes to the Financial Statements
for the year ended March 31, 1988

1. INCORPORATION AND FUNCTION

The Manitoba Health Research Council was established by The Manitoba Health Research Council Act. The Council was established to promote and assist basic, clinical and applied research in the health sciences in Manitoba. The Council relies entirely on grants from the Province of Manitoba and the Manitoba Lotteries Foundation for continued existence.

2. CHARITABLE STATUS

The Manitoba Health Research Council is a registered charity within the meaning of the Income Tax Act.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) An accrual basis of accounting is used except for office equipment purchases, which are charged to expenditures in the year of acquisition.

(b) Research grants are charged to expenditures when funding is approved by the Council.

4. RESERVE FOR FUTURE RESEARCH FUND ACCOUNT

Subsequent to March 31, 1988, the Council received a one-time grant of $500,000 from the Government of the Province of Manitoba. This grant will be used to increase program levels and fund priority research during 1988/89.

5. FIXED ASSETS

Furniture and equipment has an estimated useful life of 5 years. The Council purchased fixed assets and charged the following costs to operations:

1988 -	$ -
1987 -	262
1986 -	751
1985 -	785
1984 -	5,172
Previously -	1,931

6. ADMINISTRATION EXPENSES

Facilities are provided free of charge from the University of Manitoba. Legal services, when required, are provided free of charge from Legislative Council. The value of these services has not been determined.

Manitoba

MANITOBA HEALTH SERVICES COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B, C and Schedule 1, of the Manitoba Health Services Commission for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

June 22, 1988,
Winnipeg, Manitoba.

Statement A

MANITOBA HEALTH SERVICES COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1988
(With 1987 Figures for Comparison)

ASSETS

	1988	1987
	(thousands of dollars)	
Cash on hand and in bank	$ 6,538	$ 8,927
Funds on deposit, Government of the Province of Manitoba	56,541	49,067
Accounts receivable:		
Government of the Province of Manitoba (Note 6)	554	577
Other Provinces and Territories	5,743	4,915
Other	2,093	412
	8,390	5,904
Land, buildings, furniture and equipment at nominal value of one dollar (Note 1)	-	-
	71,469	63,898
Funds held in trust re debenture trust agreements (per contra) (Note 2)	20,439	20,755
	$ 91,908	$ 84,653

The accompanying notes are an integral part of the financial statements.

LIABILITIES

	1988	1987
	(thousands of dollars)	
Accounts payable and accrued charges:		
Hospital and personal care home services:		
Liability for unreported claims	$ 3,834	$ 4,422
Estimated adjustment payments under section 60(2) of The Health Services Insurance Act and other costs, net	19,094	16,681
	22,928	21,103
Medical services claims (Note 7)	34,613	33,424
Pharmacare claims	10,154	6,088
Ambulance grants	283	274
Air ambulance	60	11
Northern patient transportation claims	82	69
Other health services claims	1,790	1,627
General	874	632
	70,784	63,228
Working capital account, Statement C	685	670
	71,469	63,898
Funds held in trust re debenture trust agreements (per contra)	20,439	20,755
	$ 91,908	$ 84,653

Statement B

MANITOBA HEALTH SERVICES COMMISSION

STATEMENT OF REVENUE AND EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 1988

(With 1987 Figures for Comparison)

	1988	1987
	(thousands of dollars)	
Revenue:		
Grants from the Government of the Province of Manitoba	$ 1,206,028	$ 1,113,442
Third party recoveries (Note 1)	3,658	3,997
Miscellaneous income	48	61
Total revenue	$ 1,209,734	$ 1,117,500
Expenditure:		
Hospital services:		
Hospitals within the Province	$ 720,607	$ 667,347
Hospitals outside the Province	14,466	14,873
	735,073	682,220
Medical services	226,084	212,192
Personal care home services	169,093	155,887
Pharmacare program	37,428	29,136
Ambulance program	2,310	2,137
Air ambulance program (Note 4)	2,742	2,340
Northern patient transportation program	2,773	2,554
Other health services (Note 5)	16,660	15,637
Administrative expenses, Schedule 1	17,556	15,579
Total expenditure	$ 1,209,719	$ 1,117,682
Revenue over(under) expenditure, Statement C	$ 15	$ (182)

The accompanying notes are an integral part of the financial statements.

Statement C

MANITOBA HEALTH SERVICES COMMISSION

STATEMENT OF WORKING CAPITAL ACCOUNT

FOR THE YEAR ENDED MARCH 31, 1988

(With 1987 Figures for Comparison)

	1988	1987
	(thousands of dollars)	
Balance, beginning of year	$ 670	$ 852
Add, revenue over(under) expenditure, Statement B	15	(182)
Balance, end of year, Statement A	$ 685	$ 670

The accompanying notes are an integral part of the financial statements.

Schedule 1

MANITOBA HEALTH SERVICES COMMISSION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 1988
(With 1987 Figures for Comparison)

	1988	1987
	(thousands of dollars)	
Salaries and employee benefits	$ 11,818	$ 10,659
Office equipment	2,468	1,924
Professional services	766	769
Stationery and office supplies	560	502
Postage, express and delivery	404	392
Pension payments (Note 1)	383	328
Health and post-secondary education tax levy	260	159
Telephone	199	154
Grant in lieu of realty taxes	173	175
Maintenance of land, building and office equipment	173	153
Travel	115	132
Utilities	99	95
Bank charges	66	65
Miscellaneous	39	34
Building renovations	23	31
Commissioners' remuneration	10	7
	$ 17,556	$ 15,579

The accompanying notes are an integral part of the financial statements.

MANITOBA HEALTH SERVICES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1988

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accrual basis of accounting except for the following:

(i) PENSION

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to expense as incurred. A provision is not made in the accounts to fund current or past service obligations of the Commission to the Civil Service Superannuation Fund. On the basis of an actuarial report issued in January, 1988, the unfunded provision for the Commission's employees amounted to $14,939,500 as at December 31, 1987 ($13,154,500 as at December 31, 1986).

(ii) THIRD PARTY RECOVERIES

Third party recoveries are recorded on a cash basis.

(iii) INVENTORIES

Purchases of supplies are charged to operating expenditures as incurred. The Commission does not record the value of supplies on hand as an asset.

(iv) LAND, BUILDINGS, FURNITURE AND EQUIPMENT

Land, buildings, furniture and equipment are charged to operating expenditures in the year of acquisition. As at March 31, 1988, the Commission owns the following fixed assets:

1. Land and buildings of the Rehabilitation Centre for Children, Inc.
2. Land on which the building owned by the Manitoba Adolescent Treatment Centre Inc. is located.
3. Land and buildings of the Deer Lodge Centre Inc.
4. Land on which the building owned by the Rideau Park Personal Care Home Inc. is located.
5. Land acquired for future development of a health care facility.
6. Diagnostic equipment located in the provincial laboratory and x-ray units throughout the Province.
7. Furniture and equipment located in the administration building.

The Commission is in the process of effecting the transfer of title to its administration building and land to Manitoba Properties Inc. The Commission retains its use of and control over these assets.

NOTE 2. FUNDS HELD IN TRUST RE DEBENTURE TRUST AGREEMENTS

At March 31, these funds were on deposit as follows:

	1988	1987
	(thousands of dollars)	
Bank	$ 17,043	$ 17,353
Government of the Province of Manitoba	3,396	3,402
	$ 20,439	$ 20,755

NOTE 3. CAPITAL FINANCING

Hospitals and personal care homes have obtained financing for capital projects by issuing debentures, or arranging for mortgages or long-term bank loans. The Hospital Capital Financing Authority, which was established in 1972, approves the issue of all securities and assists in obtaining an orderly market for the sale of the securities to finance these capital expenditures. Although this indebtedness is not guaranteed by the Commission, funds required for the payment of principal and interest related to approved capital debt incurred for the construction and acquisition of capital assets for the provision of insured services are included in the Commission's expenditures. For the year ended March 31, 1988, the amount related to principal and interest payments included in the expenditures for hospital and personal care home services shown on Statement B was $67,661,000 ($57,858,000 for the year ended March 31, 1987).

As at March 31, 1988, the approved outstanding capital debt in Canadian dollars of hospitals and personal care homes was $404,396,000 ($360,102,000 as at March 31, 1987).

In addition to the approved outstanding capital debt, lines of credit up to $72,445,000 ($100,000,000 as at March 31, 1987) have been approved to finance capital projects in process. On completion of these projects, the borrowings will be converted to long-term debt.

NOTE 4. LEASE COMMITMENT

Effective November 1, 1985, the Commission entered into a lease purchase agreement for the acquisition of an aircraft for the air ambulance program. The interest rate for the lease is equal to the monthly bank prime rate.

Based on a 10% average monthly prime interest rate, the future annual lease payments will be:

Year Ending March 31	Annual Lease Payments (thousands of dollars)
1989	$ 1,044
1990	1,044
to October 31, 1990	609
	$ 2,697

Under the terms of the lease, the Commission has the option to purchase the aircraft on November 1, 1990 at a price of $1,217,000, or to continue to lease the aircraft for an additional 16 months at $81,000 per month.

NOTE 5. OTHER HEALTH SERVICES

This group of expenditures consists of:

	1988	1987
	(thousands of dollars)	
Optometric	$ 5,357	$ 4,854
Chiropractic	8,132	7,737
Prosthetic and Orthotic	3,171	3,046
	$ 16,660	$ 15,637

NOTE 6. MANITOBA CHILDREN'S DENTAL PROGRAM

Effective April 1, 1985, the Commission assumed responsibility for processing and payment of claims under the Manitoba Children's Dental Program. The Department of Health is responsible for the establishment of policy for the administration of the program and for providing the Commission with funds for the payment of approved claims.

For the year ended March 31, 1988, the Commission paid claims for approved services amounting to $1,465,000 ($1,537,000 for the year ended March 31, 1987). Of this amount, $1,012,000 ($1,103,000 for the year ended March 31, 1987), was recovered from the Department of Health during the year ended March 31, 1988. The balance of $453,000 is included in accounts receivable - Government of the Province of Manitoba as at March 31, 1988 ($434,000 as at March 31, 1987). These payments and recoveries have been excluded from the statement of revenue and expenditure.

The Commission's direct administrative costs for processing the payment of claims are not recovered from the Department. These costs amounted to approximately $141,000 for the year ended March 31, 1988 ($137,000 for the year ended March 31, 1987).

NOTE 7. MEDICAL SERVICES CLAIMS

The liability for medical services claims as at March 31, 1988 includes $8.7 million for the first year of the three-year agreement negotiated with the Manitoba Medical Association. The agreement covers the period from April 1, 1987 to March 31, 1990. The liability for medical services claims as at March 31, 1987 includes $10.8 million for the medical fee arbitration award covering the period from April 1, 1986 to March 31, 1987.

NOTE 8. COMPARATIVE FIGURES

Certain comparative figures of the previous year have been reclassified in order to conform with the financial statement presentation adopted for the current year.

Manitoba

THE HORSE RACING COMMISSION

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C and D, of The Horse Racing Commission for the year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, except for the write-off of accounts receivable arising from 1982 temporary track closure as described in note 3, on a basis consistent with that of the preceding year.

Our opinion with respect to the comparative amounts shown for the year ended March 31, 1987 was qualified because the accounts receivable arising from the 1982 temporary track closure was not reflected as a conditional grant in the Statement of Revenue and Expenditure for the year then ended.

J. W. Singleton, CA,
Assistant Provincial Auditor.

May 27, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Current assets:		
Cash on hand and in bank	$ 307,886	$ 216,437
Account receivable - other	1,581	-
Accounts receivable arising from 1982 temporary track closure (Note 3)	-	47,653
Grant receivable - Government of the Province of Manitoba	-	12,500
Prepaid expenses	5,744	405
	315,211	276,995
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	25,880	28,961
Advance - Government of the Province of Manitoba (Note 4)	200,000	180,000
Deferred revenue	9,800	12,060
	235,680	221,021
Reserve for future costs, Exhibit C	-	55,903
Funds available for future operations, Exhibit C	79,531	71
	$ 315,211	$ 276,995

EXHIBIT B

THE HORSE RACING COMMISSION

Statement of Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Grant from the Government of the Province of Manitoba	$ 519,000	$ 434,018
Fees, licenses and fines (Note 5)	145,660	143,895
Interest	13,486	12,178
Sundry	1,571	284
	679,717	590,375
Expenditure:		
Advertising and promotion	810	3,567
Building renovations	2,000	713
Commissioners' per diem and honoraria	74,371	45,125
Employee benefits	29,745	23,288
Equipment and office furniture	1,883	573
Equipment rentals	11,570	9,830
Health and post secondary education tax levy	8,975	4,897
Hearings and appeals	6,800	10,353
Identification supplies	23,313	20,910
Memberships and dues	5,528	5,315
Office	7,375	9,024
Printing rule books	9,882	-
Professional fees	28,725	40,153
Recruiting costs	1,370	4,767
Repairs and maintenance	9,026	10,072
Research grant	5,000	5,000
Salaries:		
Administration	69,633	107,366
Security	37,044	12,419
Stewards and judges	179,210	185,109
Veterinarian services	63,570	58,884
Sundry	188	138
Telephone	6,918	6,630
Travel	25,571	32,941
	608,507	597,074
Revenue over (under) expenditure, before extraordinary item	71,210	(6,699)
Extraordinary item - write-off of accounts receivable arising from 1982 temporary track closure (Note 3)	47,653	-
Revenue over (under) expenditure, Exhibit C	$ 23,557	$ (6,699)

EXHIBIT C

THE HORSE RACING COMMISSION

Statement of Reserve and Funds Available For Future Operations for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Reserve For Future Costs		
Balance, beginning of year	$ 55,903	$ 3,500
Less, transferred to funds available for future operations	55,903	3,500
Add, appropriated from funds available for future operations	-	55,903
Balance, end of year, Exhibit A	$ -	$ 55,903
Funds Available For Future Operations		
Balance, beginning of year	$ 71	$ 59,173
Add, transferred from reserve for future costs	55,903	3,500
Excess of revenue over expenditure, Exhibit B	23,557	-
	79,531	62,673
Less, excess of expenditure over revenue, Exhibit B	-	6,699
Appropriated to reserve for future costs	-	55,903
	-	62,602
Balance, end of year, Exhibit A	$ 79,531	$ 71

EXHIBIT D

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts and Disbursements for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Grant received from the Government of the Province of Manitoba	$ 4,479,985	$ 4,383,830
Grants disbursed:		
Thoroughbred		
Overnight purse support	2,803,090	2,600,471
Owners/breeders incentive	600,024	556,055
C.T.H.S. administrative grant	35,000	35,000
Standardbred		
Overnight purse support	517,622	622,983
Owners/breeders incentive	246,182	297,339
M.S.S. & B.A. administrative grant	10,000	10,000
Standardbred rural		
Overnight purse support	151,000	149,625
Owners/breeders incentive	63,383	62,900
Stakes program	20,000	20,000
Grants	22,084	19,957
Quarter horse		
Overnight purse support	6,200	5,500
Stakes program	4,900	4,000
M.Q.H.S. administrative grant	500	-
	$ 4,479,985	$ 4,383,830

THE HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 1988

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report issued in January 1988, the unfunded liability for the Commission's employees amounted to $40,348 as at December 31, 1987 ($27,300 - December 31, 1986).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit D) from the general administrative activities of the Commission.

iv) Printing rule books

The cost of printing rule books is charged to operations once they are approved for printing.

3. Accounts receivable arising from 1982 temporary track closure

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.B.P.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provided for the payment of amounts owing to individual horsemen as a result of the default by Assiniboia Downs 1981 Ltd. In addition a letter of understanding dated August 7, 1982 from the H.B.P.A. provided that the H.B.P.A. would reimburse the Commission for the 1982 purse overpayments incurred by Winnipeg Racing Ltd., which were paid by the Commission. The July 21, 1982 agreement further provided that surplus funds of Winnipeg Racing Ltd. would reduce the amount owing to the Commission. The original amount receivable of $277,589 was reduced by payments from these organizations to $47,653 as at March 31, 1986.

During the year ended March 31, 1987 the Commission negotiated an arrangement with Assiniboia Downs and the Horsemen's groups whereby the Commission would forgive the balance receivable of $47,653 upon satisfactory completion of certain capital improvements in the backstretch by October 1, 1987 which would benefit all horsemen. The Commission appropriated a reserve of $47,653 from funds available for future operations to reflect this arrangement.

During the year ended March 31, 1988 the Assiniboia Downs advised the Commission that it was unable to proceed with the construction of these capital improvements by October 1, 1987 as previously arranged. The Assiniboia Downs has now proposed to include these capital improvements in a new combined Harness and Thoroughbred Paddock to be completed by October 1988. Satisfactory completion of the proposed new facility will result in the forgiveness of this receivable. In recognition of the likelihood that the Assiniboia Downs will meet this condition the Commission has written off this receivable.

However, the Commission has not abandoned its rights to take appropriate action for recovery in the event that the proposed capital improvements are not completed by October 1, 1988.

4. Advance - Government of the Province of Manitoba

The working capital advance is provided interest free to the Commission by the Government of the Province of Manitoba.

THE HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 1988

5. Fees, licences and fines

	1988	1987
Thoroughbred		
Daily licences	$ 35,400	$ 33,000
Fees and Licences	54,375	52,135
Fines	9,625	5,390
	99,400	90,525
Standardbred		
Daily licences	25,700	28,200
Fees and licences	9,360	10,980
Fines	11,200	14,190
	46,260	53,370
	$ 145,660	$ 143,895

Manitoba

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedules 1 and 2, of The Manitoba Hospital Capital Financing Authority for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Hospital Capital Financing Authority as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

September 30, 1988,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Current assets		
Accrued interest	$ 163,955	$ 179,446
Investments, at cost, Schedule 1	3,853,500	4,249,500
	$ 4,017,455	$ 4,428,946

LIABILITIES

Current liabilities		
Accrued debenture interest	$ 163,955	$ 179,446
Debentures payable, Schedule 2	3,853,500	4,249,500
	$ 4,017,455	$ 4,428,946

Exhibit B

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Statement of Income and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Income:		
Interest earned on investments	$ 477,193	$ 524,332
Expenditure:		
Debenture interest	477,193	524,332
Excess of income over expenditure	$ -	$ -

Schedule 1

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Investments
as at March 31, 1988
(with 1987 figures for comparison)

	Interest Rate (%)	1988	1987
Serial debentures issued by:			
Personal Care Homes	9.50	$ 22,500	$ 45,000
	9.75	40,500	81,000
	10.00	752,500	764,000
Selkirk Linen Services Inc.	11.125	820,000	922,500
	13.625	685,000	727,000
	15.75	368,000	430,000
West - Manitoba Regional Laboratory Services Inc.	9.75	85,000	170,000
	10.00	850,000	850,000
Parkland Regional Hospital Laundry Ltd.	15.75	230,000	260,000
Investments, Exhibit A		$ 3,853,500	$ 4,249,500

Schedule 2

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Debentures Payable as at March 31, 1988 (with 1987 figures for comparison)

Series Number	Interest Rate (%)	Year Of Maturity	1988	1987
1A	11.125	1988-1995	$ 820,000	$ 922,500
2A	10.00	1988-1998	126,500	138,000
3A	9.50	1988-1988	22,500	45,000
3B	10.00	1989-1998	225,000	225,000
3D	9.75	1988-1988	125,500	251,000
3E	10.00	1989-1998	1,251,000	1,251,000
4A	15.75	1988-1993	368,000	430,000
4B	15.75	1988-1995	230,000	260,000
5A	13.625	1988-2004	685,000	727,000
Debentures payable, Exhibit A			$3,853,500	$ 4,249,500

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Notes to Financial Statements
March 31, 1988

1. **Nature of the Authority**

The Manitoba Hospital Capital Financing Authority was established by The Hospital Capital Financing Authority Act in June 1972. The objectives of the Authority are:

i) to approve the issuance of securities for capital expenditure by operators of health care facilities,

ii) to assist such operators by ensuring an orderly market for the sale of securities issued by health care facilities,

iii) to purchase securities issued by health care facilities with money borrowed by the Authority.

Health care facilities include hospitals, non-profit personal care homes and other designated related service institutions.

2. **Accounting Policy**

The Authority uses the accrual basis of accounting.

3. **Investment and Debentures Payable**

The Authority's investments in various health facility debentures are entirely offset by debentures issued by the Authority to Government Agencies who do not qualify to purchase the health facility debentures directly.

4. **Financing Approvals**

There have been no securities issued since November 15, 1984.

5. **Services Provided by the Province**

The Province of Manitoba provides administrative services at no charge to the Authority.

Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 1988, and the statements of operations, The Manitoba Housing and Renewal Fund and changes in financial position and the schedule of housing program subsidies for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988, and the results of its operations and the changes in its financial position for the year then ended, in accordance with the accounting principles described in note 2 to the financial statements applied, except for the change in the method of valuing land inventory as explained in note 3b and, after giving retroactive effect to the change in the method of valuing forgivable loans as explained in note 3a, on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

October 31, 1988
Winnipeg, Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION
BALANCE SHEET
MARCH 31, 1988
(with comparative figures for 1987)

ASSETS

	1988	1987
Cash on deposit with the Minister of Finance and in bank	$ 16,924,753	$ 15,466,528
Accounts receivable and accruals (note 4)	18,236,841	12,128,155
Loans and mortgages receivable (note 5)	128,353,353	109,263,682
Investment in land and housing:		
Housing projects (note 6)	359,031,236	332,254,383
Housing investment (note 7)	11,887,017	11,096,943
Land inventory (note 8)	26,459,002	27,299,502
Renewal scheme (note 9)	67,272	148,171
	397,444,527	370,798,999
Corporate fixed assets (note 10)	422,757	452,432
	$561,382,231	$508,109,796

LIABILITIES AND FUND BALANCE

	1988	1987
Accounts payable, holdbacks and accruals	$ 20,951,337	$ 18,451,446
Long-term land lease and rental subsidies received in advance (note 11)	213,199	217,205
Long-term debt (note 12)	545,206,721	495,606,767
The Manitoba Housing and Renewal Fund	(4,989,026)	(6,165,622)
	$561,382,231	$508,109,796

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1988
(with comparative figures for 1987)

	1988	1987
Revenue:		
Grants from the Government of the Province of Manitoba (note 14)	$28,501,434	$25,046,751
Interest from sinking fund and funds held by the Minister of Finance (note 13)	1,985,074	1,677,780
Churchill Propane Distribution System, net proceeds	569,031	277,718
Other	45,807	14,774
	31,101,346	27,017,023
Expenditure: (note 1)		
Interest on demand notes	20,620,126	19,240,317
Less - Interest applied to construction of housing projects, land inventory and housing program subsidies	8,608,556	8,045,678
- Interest earned on loans and mortgages	11,481,905	10,962,922
Interest on demand notes not applied or recovered	529,665	231,717
Rent Supplement Program:		
Rent supplement and administration expenditures	3,340,539	2,878,398
Less - recovery from CMHC	1,598,890	1,193,692
Net program subsidies	1,741,649	1,684,706
Residential Rehabilitation Assistance Program:		
Loan forgiveness (note 2b)	1,249,087	
Less - recovery from CMHC	936,724	
	312,363	
Amortization of renewal schemes	80,898	72,317
Co-op HomeStart Program Assistance	418,052	118,845
Critical Home Repair Program (note 15)	953,175	683,147
Depreciation of corporate fixed assets (note 10)	27,092	32,407
Mortgage subsidies	160,666	146,935
Net loss on housing projects and land sales	145,972	262,781
Non-profit housing corporations:		
Interest	228,450	224,655
Loan forgiveness (note 2c)	73,268	37,960
Non-Profit Housing Program, per schedule	1,850,701	1,148,037
Provision for loss on land (note 8)	3,885,196	
Provision for loss on loans and mortgages	1,385,713	
Rural and Northern Housing Program, per schedule	3,327,058	3,503,969
Urban and Rural Housing Programs, per schedule	14,571,965	14,601,102
Urban Native Non-Profit Housing Program	232,867	
	29,924,750	22,748,578
Excess of revenue over expenditure, before extraordinary item	1,176,596	4,268,445
Extraordinary item (revaluation of land)		16,824,332
Excess of revenue over (under) expenditure transferred to The Manitoba Housing and Renewal Fund	$ 1,176,596	$(12,555,887)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF THE MANITOBA HOUSING AND RENEWAL FUND
YEAR ENDED MARCH 31, 1988
(with comparative figures for 1987)

	1988	1987
Sinking Fund Account:		
Balance at beginning of year	$	$11,527,033
Less - transfer to General Fund Account		11,527,033
Balance at end of year		
General Fund Account:		
Balance at beginning of year	239,933	(1,574,078)
Less - adjustment to reflect changes in accounting policies (note 3)	6,405,555	3,562,690
Balance as restated	(6,165,622)	(5,136,768)
Add - excess of revenue over (under) expenditure	1,176,596	(12,555,887)
Add - balance of Sinking Fund Account		11,527,033
Balance at end of year	(4,989,026)	(6,165,622)
The Manitoba Housing and Renewal Fund	$(4,989,026)	$(6,165,622)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1988
(with comparative figures for 1987)

	1988	1987
Cash provided by (used for):		
Operating activities:		
Excess of revenue over (under) expenditure	$ 1,176,596	$ (12,555,887)
Items not involving cash:		
Depreciation and amortization	2,011,901	2,054,249
Provision for loss on land	3,885,196	
Provision for loss on loans and mortgages	1,385,713	
Extraordinary item		16,824,332
	8,459,406	6,322,694
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	(6,108,685)	(697,903)
Accounts payable, holdbacks and accruals	2,499,890	(1,765,882)
	4,850,611	3,858,909
Financing activities:		
Increase in long-term debt	84,780,328	78,628,970
Repayment of long-term debt	(35,180,374)	(24,015,294)
	49,599,954	54,613,676
Investing activities:		
Additions to land and housing	(46,510,877)	(42,809,975)
Less - recovery of CMHC share	4,929,299	3,558,841
	(41,581,578)	(39,251,134)
Additions to loans and mortgages	(51,031,495)	(40,030,749)
Net proceeds from disposal of land and housing	9,867,597	8,977,064
Net proceeds from repayment of loans and mortgages	29,753,136	18,858,732
	(52,992,340)	(51,446,087)
Increase in cash	1,458,225	7,026,498
Cash at beginning of period	15,466,528	8,440,030
Cash at end of period	$16,924,753	$15,466,528

THE MANITOBA HOUSING AND RENEWAL CORPORATION
SCHEDULE OF HOUSING PROGRAM SUBSIDIES
YEAR ENDED MARCH 31, 1988
(with comparative figures for 1987)

	1988	1987
Urban and Rural Housing Programs:		
Rental Revenue	$35,467,289	$34,295,380
Expenditure:		
Property operating expenses	23,027,807	23,503,659
Grants in lieu of Municipal taxes	12,330,577	11,002,616
Administration	4,044,202	3,767,327
Depreciation and interest	24,143,659	24,125,550
	63,546,245	62,399,152
Operating Loss	28,078,956	28,103,772
Less - CMHC share of operating loss	13,506,991	13,502,670
Net program subsidies	$14,571,965	$14,601,102
Non-Profit Housing Program:		
Rental revenue	$ 4,022,648	$2,594,222
Expenditure:		
Property operating expenses	1,912,338	1,182,283
Grants in lieu of Municipal taxes	1,294,869	838,372
Administration	345,596	260,235
Depreciation and interest	8,260,366	5,255,771
	11,813,169	7,536,661
Operating Loss	7,790,521	4,942,439
Less - CMHC share of operating loss	5,939,820	3,794,402
Net program subsidies	$ 1,850,701	$1,148,037
Rural and Northern Housing Program:		
MHRC administered units:		
Rental revenue	$1,832,661	$1,874,491
Expenditure:		
Property operating expenses	1,064,291	1,099,993
Grants in lieu of Municipal taxes	411,523	349,856
Administration	432,105	418,703
Depreciation and interest	7,089,018	6,145,715
	8,996,937	8,014,267
Operating Loss	7,164,276	6,139,776
Less - CMHC share of operating loss	5,372,877	4,513,371
	1,791,399	1,626,405
CMHC administered units:		
MHRC share of operating loss	1,535,659	1,877,564
Net program subsidies	$3,327,058	$3,503,969

THE MANITOBA HOUSING AND RENEWAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1988

1. Nature of the Corporation

The Manitoba Housing and Renewal Corporation (MHRC) was established as a Crown Corporation by The Housing and Renewal Corporation Act on June 21, 1967. The objective of the Corporation is to improve standards of living accommodation in the Province of Manitoba and to assist residents to obtain living accommodation of reasonable standards.

Administrative services are provided by the Department of Housing, Province of Manitoba. Costs of these administrative services are $6,918,000 (1987 - $5,888,000) and are not reflected in these financial statements except for administrative charges amounting to $2,439,000 (1987 - $2,608,000) which are cost shared with the Canada Mortgage and Housing Corporation (CMHC).

2. Significant accounting policies

a) The Corporation's financial statements are prepared using the accrual basis of accounting except for the discounts on sinking fund investments. Discounts obtained at the time of acquisition are taken into income on maturity of the related investments which are recorded at cost.

2. Significant accounting policies (continued)

b) Loan forgiveness under the Critical Home Repair Program and the Residential Rehabilitation Assistance Program is approved in accordance with the terms of the loan agreement and charged to operations, net of a recovery from CMHC for the Residential Rehabilitation Assistance Program, in the year that the loan is granted.

c) The Corporation participates in a CMHC administered program for non-profit corporations. Payments are issued as forgivable loans and the forgiveness conditions require that the project operate under CMHC guidelines throughout the term of the related operating agreement. Loan forgiveness is earned by the non-profit corporations in equal annual amounts over the period of the related operating agreements. The Corporation recognizes the full amount of the forgivable loans as an operating expenditure in the year they are granted.

d) Valuation, depreciation and amortization are described in subsequent notes as follows:

Housing projects - note 6
Housing investments - note 7
Land inventory - note 8
Renewal scheme - note 9
Corporate fixed assets - note 10

3. Changes in accounting policies

During the year ended March 31, 1988, the Corporation initiated two changes in accounting policies.

a) Previously, the Corporation recorded as loans and mortgages receivable the unearned portion of forgivable loans for both the Critical Home Repair Program and the non-profit housing corporations. Effective April 1, 1986 the Corporation established an asset valuation allowance equal to the outstanding forgivable loans thus treating these loans as expenditures in the year they are granted.

The effect of the above change in accounting policy, which has been applied retroactive to April 1, 1986, is to decrease loans and mortgages receivable by $3,561,716 (1987 - $3,405,555), to decrease the excess of revenue over expenditure transferred to the Manitoba Housing and Renewal Fund by $156,161 (increase 1987 - $157,135) and to decrease the opening balance in the Manitoba Housing and Renewal Fund by $3,405,555 (1987 - $3,562,690).

b) Previously, the Corporation valued its land inventory at the lower of capitalized cost or appraised value. Effective March 31, 1987 the Corporation values its land inventory at the lower of capitalized cost or appraised value adjusted for estimated disposition costs and contingencies. The effect of this change in accounting policy, commencing March 31, 1987, is to decrease the accumulated provision for losses on land by $200,000 (increase 1987 - $3,000,000) and to increase the excess of revenue over expenditure transferred to the Manitoba Housing and Renewal Fund by $200,000 (decrease 1987 - $3,000,000) and to decrease the opening balance in the Manitoba Housing and Renewal Fund by $3,000,000 (1987 - nil).

4. Accounts receivable and accruals

	1988	1987
Canada Mortgage & Housing Corporation	$ 9,840,829	$ 6,434,436
Government of the Province of Manitoba and its agencies	4,944,601	2,425,138
Other - net of allowance (1988 - $211,207, 1987 - $192,816)	3,451,411	3,268,581
Accounts receivable and accruals	$18,236,841	$12,128,155

5. Loans and mortgages receivable

	1988	1987
Homes in Manitoba Programs:		
Affordable New Homes Program	$ 31,203,490	$ 50,466,058
Core Area Infill Housing Program	4,901,016	5,411,705
Buy and Renovate Housing Program	2,889,038	3,186,824
Builder Developer Housing Program	723,598	1,155,693
	39,717,142	60,220,280
Manitoba RentalStart Programs:		
Manitoba Urban RentalStart Program	31,900,235	25,323,275
Manitoba Rural RentalStart Program	2,344,201	854,251
Manitoba Seniors RentalStart Program	927,974	240,492
	35,172,410	26,418,018
Residential Rehabilitation Assistance Program	187,129	
Less - financing provided by CMHC	147,695	
	39,434	
Rural and Northern Housing Program	5,629,558	6,523,357
Less - financing provided by CMHC	4,204,885	4,871,240
	1,424,673	1,652,117
Aspen Park Condominiums	1,711,207	1,443,624
Community Residences Program	7,730,099	4,262,913
Cooperative HomeStart Program	16,525,661	3,580,406
Critical Home Repair Program	1,128,542	1,217,622
Lease/purchase land agreements	2,558,008	2,274,935
North Logan Redevelopment	463,113	
Private Non-Profit Housing Program	5,220,149	290,185
The Pas Mobile Home Subdivision	141,930	173,530
Urban Native Non-Profit Housing Program	17,518,066	7,715,641
Other	2,919	14,411
	129,353,353	109,263,682
Less - allowance for doubtful accounts	1,000,000	
Carried forward	$128,353,353	$109,263,682

5. **Loans and mortgages receivable** (continued)

	1988	1987
Brought forward	$128,353,353	$109,263,682
Forgivable loans:		
Residential Rehabilitation Assistance Program	1,249,087	
Less - recovery from CMHC	936,724	
	312,363	
Critical Home Repair Program	1,381,520	1,233,354
Non-Profit Housing Corporation	2,180,196	2,172,201
	3,874,079	3,405,555
Less - valuation allowance	3,874,079	3,405,555
Loans and mortgages receivable	$128,353,353	$109,263,682

The Corporation has established an asset valuation allowance equal to the unearned portion of forgivable loans which effectively reduces the value of these loans to nil. As forgiveness conditions are met by the individual clients and non-profit corporations the Corporation records the annual forgiveness earned in accordance with the terms of the loan agreement thereby reducing the forgivable loan and the concomitant valuation allowance.

Mortgages under the Homes in Manitoba Program are administered by both outside lending institutions and by MHRC. Those administered by outside lending institutions, amounting to $30,856,411 (1987 - $49,851,842), are insured by CMHC or the Mortgage Insurance Company of Canada. Those administered by MHRC, amounting to $8,860,731 (1987 - $10,368,438), and Aspen Park Condominiums are assessed a fee which is set aside in a fund to provide for any related expenses in the event of default by a mortgagor. This fund is included with accounts payable and is summarized as follows:

5. Loans and mortgages receivable (continued)

	1988	1987
Balance at beginning of year	$182,954	$144,314
Add - insurance fees assessed and interest	28,306	38,640
Balance at end of year	$211,260	$182,954

6. Housing projects

	1988	1987
Rural and Northern Housing Program:		
Completed - for rent	$ 30,287,423	$ 26,233,877
- for sale	6,269,012	6,336,275
Under construction	828,965	896,034
Upgrading programs - deferred capital costs	291,946	305,365
	37,677,346	33,771,551
Less - financing provided by CMHC	28,096,953	25,270,837
	9,580,393	8,500,714
Other Urban and Rural Housing Programs:		
Completed	343,247,404	314,529,817
Under construction	4,626,536	9,223,852
Upgrading programs - deferred capital costs	2,620,632	
	350,494,572	323,753,669
Less - financing provided for upgrading programs by CMHC	1,043,729	
	349,450,843	323,753,669
Housing projects	$359,031,236	$332,254,383

6. Housing projects (continued)

Completed housing projects are valued at capitalized cost less depreciation.

Projects under construction are valued at capitalized cost which includes direct construction costs, land acquisition, interest, grants in lieu of taxes and an administrative fee charged by the Department of Housing, Province of Manitoba.

The upgrading programs relate to rehabilitation and improvement costs incurred on rental units and these costs are being depreciated on a straight-line basis over ten years for the Urban and Rural Housing Programs and the remaining term of the original mortgage for the Rural and Northern Housing Program.

Under the Rural and Northern Housing Program depreciation is based on the imputed principal repayment equivalent to that of 100% debt financing with CMHC rates. Depreciation under other urban and rural housing programs is based on the actual principal repayment of the related debt.

Depreciation on housing projects is included as an expenditure in housing program subsidies.

7. Housing investment

Housing investment represents joint venture projects under the Rural and Northern Housing Program which are being administered by CMHC. The investment balance represents MHRC's share and is valued at capitalized cost less depreciation which is equal to the annual principal repayment of the related debt as determined by CMHC. Depreciation is included as an expenditure in the Rural and Northern Housing Program.

8. Land inventory

	1988		1987	
	COST	ACCUMULATED LOSS PROV.	COST	ACCUMULATED LOSS PROV.
Under development	$ 6,404,380	$ 4,185,736	$ 9,000,816	$ 6,234,545
Future development or sale	56,239,275	33,797,126	52,651,460	29,941,957
Leased land	1,798,209		1,823,728	
	64,441,864	$37,982,862	63,476,004	$36,176,502
Accumulated loss provision	37,982,862		36,176,502	
Land inventory, net	$26,459,002		$27,299,502	

The net change to the accumulated loss provision is as follows:

	1988	1987
Provision for loss on land	$3,885,196	$
Revaluation of land		29,550,257
Less - losses realized	2,078,836	2,076,134
Net change to accumulated loss provision	$1,806,360	$27,474,123

Land inventory is valued at the lower of capitalized cost or appraised value adjusted for estimated disposition costs and contingencies. Capitalized cost includes acquisition costs, interest, planning and development costs, grants in lieu of taxes where applicable, less revenue derived from use of undeveloped land.

9. Renewal scheme

The renewal scheme is valued at cost less amortization. Amortization is based on the actual principal repayment of the related debt.

10. Corporate fixed assets

	1988			1987
	COST	ACCUMULATED DEPRECIATION	NET	NET
Land	$ 71,900	$	$ 71,900	$ 71,900
Buildings	357,337	92,469	264,868	273,045
Office furnishings	500,251	415,218	85,033	106,292
Construction equipment	20,607	19,651	956	1,195
Corporate fixed assets	$950,095	$527,338	$422,757	$452,432

Corporate fixed assets are valued at cost less depreciation provided on the following bases:

Buildings - straight-line, based on a 10 and 50 year useful life or if funded by specific long-term debt based on the annual principal repayment of the related debt, amortized over 50 years.

Office furnishings and construction equipment - 20% of the undepreciated balance.

Depreciation in the amount of $27,092, (1987 - $32,407) is reflected as a separate corporate expenditure and depreciation in the amount of $2,581 (1987 - $1,995) is included as an expenditure in the urban and rural housing programs.

11. Long-term land lease and rental subsidies received in advance

	1988	1987
Long-term land lease prepaid, expiring in 2039	$ 79,359	$ 80,897
Long-term rental subsidies received in advance from sponsors	133,840	136,308
Long-term land lease and rental subsidies	$213,199	$217,205

12. Long-term debt

	1988	1987
Government of the Province of Manitoba:		
Demand notes payable (convertible to long-term advances), at prime interest rates or fixed rates from 8 7/8% to 12%	$194,722,236	$167,666,270
Long-term advances, at rates from 8.28% to 14.50% maturing at various dates to 2029 and requiring annual payments of $15,367,752 towards principal and interest	132,863,075	106,270,398
Canada Mortgage and Housing Corporation:		
Long-term advances - housing and land, at rates from 6 7/8% to 11% maturing at various dates to 2030 and requiring annual payments of $22,842,263 towards principal and interest	229,368,442	230,595,128
- renewal scheme, at a rate of 8 1/4% maturing in 1989 and requiring a payment of $72,937 towards principal and interest	67,272	148,171
	557,021,025	504,679,967
Less: Sinking fund on deposit with the Government of the Province of Manitoba (note 13)	16,767,952	14,065,639
	540,253,073	490,614,328
Mortgages payable (assumed on property acquisitions), at rates from 5 1/8% to 14 1/4% maturing at various dates to 2028 and requiring annual payments of $484,574 towards principal and interest	4,953,648	4,992,439
Long-term debt	$545,206,721	$495,606,767

13. Sinking fund

	1988		1987	
	PAR VALUE	COST	PAR VALUE	COST
Bonds: (note 2a)				
Manitoba Hydro - Electric Board	$ 8,156,000	$ 6,618,561	$ 6,604,000	$ 5,140,444
Manitoba Telephone System	1,483,000	1,061,200	1,422,000	1,005,715
Government of the Province of Manitoba	3,496,000	3,454,465	2,486,000	2,445,619
Alberta Government Telephones Commission	2,000,000	1,785,000		
	$15,135,000	12,919,226	$10,512,000	8,591,778
Cash, interest bearing		3,848,726		5,473,861
Sinking fund		$16,767,952		$14,065,639

MHRC is required to maintain a sinking fund on deposit with the Minister of Finance for the purpose of retiring at maturity, long-term debt which does not require annual principal repayments. The required minimum annual payment to the sinking fund must equal 4% of the sinking fund balance as at the end of the preceding fiscal year plus 1% of the advances and borrowings of MHRC other than those secured by a first mortgage on land or by an agreement or debenture that provides for the retirement of the debt by annual repayments of principal and interest. Income earned on sinking fund investments (1988 - $1,273,552, 1987 - $1,213,187) is paid to MHRC and all or a portion of the income earned is set aside in the sinking fund in addition to the minimum statutory requirement.

14. Grants from the Government of the Province of Manitoba

	1988	1987
Department of Housing:		
- MHRC operating programs	$26,720,782	$23,620,751
- Sinking fund	1,780,652	1,426,000
Grant Revenue	$28,501,434	$25,046,751

15. Critical Home Repair Program

	1988	1987
Loan forgiveness (note 2b)	$635,844	$355,206
Interest allocated	271,944	278,190
Other	45,387	49,751
	$953,175	$683,147

16. Commitments

The Corporation is committed to expend $88,979,789 for completion of housing under construction and for approved mortgage applications.

17. Contingencies

The Corporation is a party to certain litigation arising in the normal course of business, the aggregate effect of which, in the opinion of management, would not have a material effect on the Corporation's financial statements.

18. Guarantees

The Corporation has guaranteed the repayment of mortgages and has issued Letters of Credit guaranteeing the terms and conditions of land development agreements and construction contracts. The outstanding guarantees are as follows:

	1988	1987
Mobile Home Loan Guarantee Program	$12,399,352	$9,048,799
Rural Mortgage Lending Program	171,227	207,649
Other mortgage guarantees	1,238,067	296,500
Letters of Credit	128,000	445,240
Total Guarantees	$13,936,646	$9,998,188

A guarantee fee of 2% - 2 1/2% charged for each mortgage is paid into the Mortgage Insurance Fund. This fund is included with accounts payable and is summarized as follows:

	1988	1987
Balance at beginning of year	$240,428	$ 82,518
Add - net proceeds from claim settlements	52,420	27,095
- insurance fees assessed	124,384	119,949
- interest on cash	23,699	11,655
	440,931	241,217
Less - taxes		789
Balance at end of year	$440,931	$240,428

19. Comparative figures

Certain comparative figures on the financial statements have been restated to conform with the presentation of the current year.

The Manitoba Hydro-Electric Board

AUDITORS' REPORT

To The Manitoba Hydro-Electric Board

We have examined the balance sheet of The Manitoba Hydro-Electric Board as at March 31, 1988 and the statements of operations, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick

CHARTERED ACCOUNTANTS

Winnipeg, Canada
June 3, 1988

The Manitoba Hydro-Electric Board

Balance Sheet

AS AT MARCH 31, 1988 (with 1987 figures for comparison)

ASSETS	1988	1987
	(thousands of dollars)	
FIXED ASSETS (Note 3)		
In service	$3 496 495	$3 395 825
Less: Accumulated depreciation	929 457	854 833
	2 567 038	2 540 992
Construction in progress	675 323	473 655
	3 242 361	3 014 647
CURRENT ASSETS		
Temporary investments	228 000	19 000
Accounts receivable	63 900	71 477
Accrued revenue and interest receivable	32 189	27 231
Materials and supplies, at average cost	32 247	30 909
	356 336	148 617
OTHER ASSETS		
Investments, at cost	1 918	1 931
Deferred expenses and advances (Note 4)	231 428	74 933
	233 346	76 864
	$3 832 043	$3 240 128

Approved on behalf of the Board:

John S. McCallum

Chairman

Vice-Chairman

LIABILITIES AND RESERVES

	1988	1987
	(thousands of dollars)	
LONG-TERM DEBT (Note 5)	$3 213 030	$2 652 128
CURRENT LIABILITIES		
Bank balances	3 415	3 801
Accounts payable and accrued liabilities	73 294	63 559
Notes payable, due within one year	—	44 510
Accrued interest	98 502	90 442
Current portion of long-term debt (Note 5)	229 655	153 126
	404 866	355 438
DEFERRED LIABILITIES	18 750	18 843
DEFERRED CREDITS (Note 6)	76 583	76 412
RESERVES (Note 8)	118 814	137 307
	$3 832 043	$3 240 128

The accompanying notes are an integral part of the financial statements.

The Manitoba Hydro-Electric Board

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 1988 (with 1987 figures for comparison)

	1988	1987
	(thousands of dollars)	
REVENUES		
Sale of power		
Manitoba	$508 345	$449 271
Extraprovincial	66 024	113 489
Other revenue	5 933	6 928
	580 302	569 688
EXPENSES		
Operating and administrative	203 728	187 941
Depreciation—plant	80 109	77 683
Water rentals	26 220	37 582
Fuel and power purchased	35 330	10 460
	345 387	313 666
Net income before finance expense	234 915	256 022
FINANCE EXPENSE (Note 2)	253 408	242 574
NET (EXPENSE) INCOME	$(18 493)	$ 13 448

The accompanying notes are an integral part of the financial statements.

Statement of Reserves

FOR THE YEAR ENDED MARCH 31, 1988 (with 1987 figures for comparison)

	1988			1987
	(thousands of dollars)			
	Contingency and General	Rate Stabilization	Total	Total
BALANCE—BEGINNING OF YEAR	$137 277	$ 30	$137 307	$123 859
Net (expense) income transferred from operations	—	(18 493)	(18 493)	13 448
BALANCE—END OF YEAR	$137 277	$(18 463)	$118 814	$137 307

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position

FOR THE YEAR ENDED MARCH 31, 1988 (with 1987 figures for comparison)

	1988	1987
	(thousands of dollars)	
OPERATING ACTIVITIES		
Cash from operations		
Net (expense) income	$(18 493)	$13 448
Depreciation—plant	80 109	77 683
Amortization of debt discount and expense	4 926	4 489
Amortization of foreign exchange	(3 389)	—
Other	(1 324)	446
Non-cash working capital change	19 076	15 623
Cash provided by operating activities	80 905	111 689
FINANCING ACTIVITIES		
Proceeds from long-term debt	624 245	330 713
Retirement of long-term debt	(107 704)	(92 772)
Contributions and advances in aid of construction	8 537	10 429
Decrease in notes payable	(44 510)	(107 768)
Sinking fund payment	(45 409)	(42 055)
Deferred cost of matured forward exchange contracts	7 548	10 725
Other	2 879	(4 430)
Cash provided by financing activities	445 586	104 842
INVESTING ACTIVITIES		
Additions to fixed assets	(311 009)	(237 800)
Other assets	(6 096)	57
Cash used in investing activities	(317 105)	(237 743)
INCREASE (DECREASE) IN CASH	209 386	(21 212)
CASH AT BEGINNING OF YEAR	15 199	36 411
CASH AT END OF YEAR	$224 585	$15 199

The components of cash are bank balances and temporary investments.

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements
FOR THE YEAR ENDED MARCH 31, 1988

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles except for the accounting for pension costs as noted in c) below.

a) Fixed Assets

Fixed assets are stated at cost which consists of contracted services, direct labour, material and expense, a proportionate share of overhead costs and interest applied at the effective rates incurred in financing construction. Finance expense is allocated to construction until a facility becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. The cost of plant removed plus removal costs less salvage value is charged to accumulated depreciation.

Main facilities of major projects under construction become operational on a progressive basis. As such facilities become operational, related construction costs and a pro rata share of related common properties are transferred to plant in service. Once the transfer to plant in service is made, finance expense allocated to construction ceases and depreciation commences.

Depreciation is provided on a straight-line basis using the following service lives for major assets:

Hydro-electric generation	67 years
Thermal-electric generation	33 years
Transmission lines and stations	35-50 years
Distribution lines	30-35 years

b) Foreign Exchange:

Long-Term Debt

The translation of foreign long-term debt and the extent to which Manitoba Hydro is responsible for the resulting translation gains or losses has been established by the Energy Rate Stabilization Act. The Act, which came into force April 1, 1979 and was amended April 1, 1987, sets out the Corporation's obligations on foreign long-term debt as follows:

i) Foreign Long-Term Debt Transacted After March 31, 1987

Manitoba Hydro is responsible for the translation gains or losses associated with all foreign borrowings transacted after March 31, 1987.

Long-term debt is translated into Canadian currency at the rates of exchange prevailing at the date of the balance sheet and the unrealized exchange gains or losses are amortized on a straight-line basis over the remaining life of the related debt and together with realized exchange gains or losses are credited or charged to operations.

ii) Foreign Long-Term Debt Transacted Prior to April 1, 1987

a) Foreign debt other than United States:

The Province of Manitoba is responsible for the translation gains or losses associated with foreign debt denominated in currencies other than United States transacted prior to April 1, 1987.

The Province of Manitoba has relieved the Corporation of the costs associated with this foreign debt by replacing them with the Canadian equivalent costs based on Canadian rates for similar terms as at the date the debt was incurred. Had the Province of Manitoba not assumed the cost of this foreign debt, the valuation of the long-term debt of the Corporation as at March 31, 1988 would have been increased by approximately $330 million (1987—$551 million of which $286 million represented foreign debt other than United States) when translated at the year-end rates of exchange. The Province of Manitoba confirmed that the amount charged to the Energy Rate Stabilization Act appropriation in the current year was $83.9 million.

b) United States debt:

Effective April 1, 1987 the foreign exchange risks associated with United States debt were transferred by the Province of Manitoba to Manitoba Hydro and accordingly the Corporation assumed responsibility for the translation gains or losses associated with this debt. The Province of Manitoba retains the obligation to pay up to the amounts that have been provided in the Province's accounts in respect of United States debt to March 31, 1987. The translation gains or losses for which the Province is responsible are recorded as Deferred expenses and advances on the balance sheet. This obligation amounts to approximately $136.9 million based on rates of exchange prevailing at March 31, 1988. These amounts will be disbursed at the maturity dates of the respective United States issues dependent upon exchange rates prevailing at the maturity dates to a maximum of $152.6 million at March 31, 1988 (1987—$158.9 million).

Long-term United States debt is translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet. The unrealized exchange gains or losses net of the amount amortized by the Province are amortized on a straight-line basis over the remaining life of the related debt and together with realized exchange gains or losses are credited or charged to operations.

Current Assets and Current Liabilities

Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at rates of exchange prevailing at the date of the balance sheet. The unrealized exchange gains or losses together with realized exchange gains or losses are credited or charged to operations.

Sinking Fund Investments

Sinking fund investments denominated in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the balance sheet, except where the investments have been hedged by the Minister of Finance of the Province of Manitoba, in which case the hedged rate confirmed by the Province is used in the translation. The unrealized exchange gains or losses are amortized on a straight-line basis over the remaining life of the investment and together with realized exchange gains or losses are credited or charged to operations.

Other Transactions

Revenue and expense transactions made in foreign currencies are translated into Canadian currency at the rates of exchange prevailing at the date of the transaction, except transactions covered by monetary contracts against exchange risks are translated into Canadian dollars at the rates of exchange established by the contracts.

c) **Pensions:**

Manitoba Civil Service Superannuation Fund

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to income as incurred and a provision is not made in the accounts to fund current or past service obligations of the Corporation to the Civil Service Superannuation Fund.

On the basis of the actuarial report as at December 31, 1986 and the formula provided by the actuary, Manitoba Hydro's unrecorded liability at December 31, 1987 as a result of the participation of employees under the Civil Service Superannuation Fund was $175 303 000 (1986 -- $157 983 000).

The formula provided by the actuary allows for future increases in pension due to the cost of living and, commencing with the December 31, 1987 calculation, adjusts for the differences between actual increases in salaries and expected increases in salaries.

Manitoba Hydro Retirement Plan

The Manitoba Hydro Retirement Plan is a defined benefit plan which continues to provide benefits to employees and pensioners in respect of service prior to the date each employee entered the Manitoba Civil Service Superannuation Fund. On the basis of the actuarial report dated September, 1987 Manitoba Hydro's unrecorded liability as at July 1, 1987 was $3.2 million (1986—$4.4 million). This is being funded and charged to operations over the next 15 years. The decrease from the previous year is a result of the transfer of the pension obligations for current employees to the Manitoba Civil Service Superannuation Fund.

d) **Unamortized Debt Discount and Expense**

These costs are charged to income over the life of the respective issue.

e) **Discount on Sinking Fund Investments**

The Corporation records sinking fund investments at par value. The difference between the cost and the par value of the investments is recorded as a premium or discount and the resulting gain or loss is amortized over the remaining life of the investment or charged to investment income on disposal.

f) **Unamortized Planning Studies**

These costs are charged to income over a 15 year period.

g) **Unbilled Revenue**

Revenues are accrued in respect of electricity delivered but as yet unbilled.

NOTE 2—FINANCE EXPENSE

	1988	1987
	(thousands of dollars)	
Interest on debt	$359 941	$327 554
Amortization of foreign exchange gains or losses	(3 389)	—
Amortization of debt discount and expense	4 926	4 489
Finance expense allocated to construction	(58 297)	(45 122)
Investment income	(49 773)	(44 347)
	$253 408	$242 574

NOTE 3—FIXED ASSETS (at cost)

	1988		
	Original Cost	Accumulated Depreciation	Construction In Progress
		(thousands of dollars)	
Generation	$1 874 587	$429 364	$623 430
Transmission	221 097	67 694	1 446
Substations	720 182	• 186 491	16 051
Distribution	542 929	181 277	11 768
Other	137 700	64 631	22 628
	$3 496 495	$929 457	$675 323

	1987		
	Original Cost	Accumulated Depreciation	Construction In Progress
		(thousands of dollars)	
Generation	$1 863 729	$401 276	$428 401
Transmission	206 398	63 241	7 748
Substations	694 835	165 595	16 170
Distribution	504 217	167 081	8 380
Other	126 646	57 640	12 956
	$3 395 825	$854 833	$473 655

NOTE 4—DEFERRED EXPENSES AND ADVANCES

	1988	1987
	(thousands of dollars)	
Unamortized bond discount and expense	$ 30 338	$27 469
Unamortized planning study costs	32 096	29 425
Unamortized foreign exchange gains or losses	20 866	—
Amounts receivable from the Province under E.R.S.A.	136 941	—
Deferred cost of matured forward exchange contracts	—	7 548
Advance to the Northern Flood Committee Inc. (Note 7b)	5 299	5 090
Other	5 888	5 401
	$231 428	$74 933

NOTE 5—LONG-TERM DEBT

Manitoba Hydro's long-term debt is guaranteed by the Province of Manitoba.

As provided by The Manitoba Hydro Act, the Corporation pays an annual sinking fund installment to the Minister of Finance of the Province of Manitoba of not less than 1% of the principal amount of the outstanding long-term debt on the preceding March 31, and 4% of the balance in the sinking fund at such date. Such installments would provide for the full retirement of a debt obligation only if the obligation was outstanding for 41 years. Income earned on sinking fund investments is remitted to the Corporation and is included with investment income for the year.

For the purpose of financing capital construction expenditures and refunding debt during the year, the Corporation arranged advances in the principal amount of $632.0 million from the Province of Manitoba as follows:

- $257.0 million (U.S. $200.0 million) redeemable at the option of the bondholder on January 15, 1998 (due January 15, 2018), with interest at 9.125%.
- $375.0 million redeemable at the option of the bondholder on September 3, 1992 and September 3, 1997 (due September 3, 2002), with interest at 9.625% (9.750% for years 6 to 15, if applicable).

Long-Term Debt:	1988	1987
	(thousands of dollars)	
Total long-term debt outstanding —		
The Manitoba Hydro-Electric Board Bonds	$1 310 489	$1 194 080
Advances from the Province of Manitoba represented by debenture debt of the Province	2 396 192	1 869 728
Advances from the Province of Manitoba under a loan agreement between the Province and the Government of Canada	114 668	116 547
	3 821 349	3 180 355
Less: Sinking fund on deposit with the Minister of Finance	378 664	375 101
	3 442 685	2 805 254
Less: Long-term debt maturing within one year — Maturities net of sinking fund plus annual sinking fund installment	229 655	153 126
	$3 213 030	$2 652 128

Debt Maturities:

			Cash Requirements (thousands of dollars)		
March 31	Principal Amount of Maturities	Weighted Average Coupon Rate	Maturities Net of Sinking Fund	Annual Sinking Fund Installments	Total
1989	$ 201 708		$ 179 305	$ 50 350	$ 229 655
1990	285 092		257 056	49 451	306 507
1991	281 814		252 374	47 522	299 896
1992	198 789		160 420	45 252	205 672
1993	758 748		661 322	43 557	704 879
	1 726 151	9.53	1 510 477	236 132	1 746 609
1994-1998	1 153 250	7.70	920 241	145 015	1 065 256
1999-2003	258 798	8.98	164 205	89 066	253 271
2004-2008	675 148	8.99	365 925	45 286	411 211
2009	8 002	9.20	3 176	246	3 422
	$3 821 349		$2 964 024	$515 745	$3 470 769

Long-term debt repayments to be made in Canadian dollars and in foreign currencies, with their Canadian dollar equivalents are shown in the following table:

	1989 to 1993	1994 to 2009	Total	1988	1987
	(in thousands of dollars)			(in thousands of Canadian dollars)	
Canadian dollars	$1 130 585	$ 280 360	$1 410 945	$1 410 945	$1 140 124
Foreign currencies:					
United States dollars at rates of exchange prevailing at the Balance Sheet date*	309 588	1 212 700	1 522 288	1 878 655	1 494 123
Other foreign currencies in Canadian dollars as established by the Energy Rate Stabilization Act	213 505	318 244	531 749	531 749	546 108
				$3 821 349	$3 180 355

*A portion of translation gains or losses on U.S. $1 322 288 are the responsibility of the Province of Manitoba (see Note 1b).

NOTE 6—DEFERRED CREDITS

	1988	1987
	(thousands of dollars)	
Non-refundable capital contributions	$60 287	$54 969
Unamortized discount on purchase of sinking fund investments	12 982	15 613
Unamortized foreign exchange on sinking fund investments	2 652	5 199
Other	662	631
	$76 583	$76 412

NOTE 7—COMMITMENTS

a) Lease Commitments

In accordance with a lease agreement entered into during 1966 between the Governments of Canada and Manitoba, direct current transmission facilities were constructed between the Kettle Generating Station and Winnipeg. The agreement provides for repayment by the Corporation of the capital cost with accrued interest at 5.625% over a term of forty-five years in accordance with a repayment schedule requiring substantially smaller payments during the earlier years. The schedule provides for payment of $20 000 000 for the year ended March 31, 1988 (1987 — $17 500 000) and for payment of $22 500 000 for 1989. Payments for the fiscal years 1990 to 2019 will be calculated as the equal annual payment required to amortize the outstanding balance over thirty years at 5.625%. The unpaid balance of principal plus accrued interest for transmission facilities amounted to approximately $370 344 000 as at March 31, 1988 (1987—$369 479 000).

The Corporation's policy is to charge the lease payments to operations in the period in which they become payable. This policy is consistent with the intent of the lease agreement of providing economic relief to ratepayers during the early years of the Nelson River development. This is evident when compared with a calculation of a charge in accordance with the C.I.C.A. recommendation on accounting for capital leases entered into subsequent to January 1, 1979, which indicates that an additional amount of approximately $5.7 million would have been charged to operations for the year and an additional net asset amount of approximately $173.3 million would have been recorded relating to the transmission facilities.

b) Mitigation—Northern Flood Agreement

Manitoba Hydro is party to an agreement with the Government of Canada, the Province of Manitoba and the Northern Flood Committee Inc., which includes compensation and mitigation for the impact of the Churchill River Diversion and Lake Winnipeg Regulation projects. The total spent on compensation and mitigation during the year was $4.7 million (1986-87 — $1.7 million). The total amount paid to date under the Northern Flood Agreement is $31.6 million as at March 31, 1988. A total of 135 claims involving Manitoba Hydro have been filed to date with the Arbitrator with 73 claims having been settled. Of the 62 claims outstanding, Manitoba Hydro is not able to precisely determine the contingent liability but has estimated it to be in excess of $40.0 million.

In addition to the above, in 1986-87 Manitoba Hydro advanced $5.0 million to the Northern Flood Committee Inc. to provide funds to the Indian Bands for their use in housing upgrading. This advance, adjusted for the time value of the advance, will reduce the amounts payable for future adjudicated claims.

c) Construction Commitments

Construction on Limestone Generating Station has been committed to provide for first power in 1990-91. The current forecasted cost of the new generating station is $1 668 million, of which costs of $627 million have been incurred to March 31, 1988.

Other outstanding commitments, principally for construction, were approximately $112 262 000 (1986-87—$43 879 000).

NOTE 8—RESERVES

The following reserves are maintained by the Corporation:

Contingency and General Reserve

An amount as stipulated by the Manitoba Hydro-Electric Board may be transferred annually to this reserve. No transfer was made for the 1987-88 fiscal year (1986-87—$13 448 000).

Rate Stabilization Reserve

The net (expense) income after provision for the contingency and general reserve is transferred annually to this reserve.

NOTE 9—COMPARATIVE FIGURES

Where appropriate, comparative figures for 1987 have been reclassified in order to conform to the presentation adopted in 1988.

Manitoba

THE MANITOBA INTERCULTURAL COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B and C and Schedule 1, of The Manitoba Intercultural Council for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Council as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 11, 1988,
Winnipeg, Manitoba.

Statement A

THE MANITOBA INTERCULTURAL COUNCIL

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Cash in bank	$ 21,816	$ 44,675
Term deposits	1,194,555	1,105,522
Accrued interest	12,112	3,607
Receivable from The Manitoba Lotteries Foundation	238,561	201,454
	$1,467,044	$1,355,258

LIABILITIES AND FUND BALANCES

	1988	1987
Accounts payable	$ 11,996	$ 36,569
Commitments payable by the Ethnocultural Community Support Fund	383,971	344,845
	395,967	381,414
FUND BALANCES:		
Ethnocultural Community Support Fund, Statement C (Note 5)	893,120	784,597
Funds Retained for Working Capital and Future Operations, Statement B	177,957	189,247
	$1,467,044	$1,355,258

Statement B

THE MANITOBA INTERCULTURAL COUNCIL

Statement of Revenues, Expenditures and Retained Funds
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Government of the Province of Manitoba		
- Operating grant	$209,200	$201,200
- Biennial assembly grant	50,000	-
- Manitoba CareerStart Program	2,153	1,419
- Program grant	-	6,100
	--------	--------
	261,353	208,719
Investment income	10,516	4,003
The Manitoba Lotteries Foundation (Note 7)	119,373	107,182
Transfer of funds from the Ethnocultural Community Support Fund (Note 6)	10,000	-
Other revenues	6,455	-
	--------	--------
Total revenues	407,697	319,904
	--------	--------
Expenditures:		
Administration	256,077	175,729
Biennial Ethnocultural Assembly	50,757	-
Council meetings	10,210	21,333
Committees		
- Executive	50,943	16,434
- Community Resources Allocation	35,824	41,937
- Standing Committees	15,176	14,541
	--------	--------
Total expenditures, Schedule 1	418,987	269,974
	--------	--------
Excess of revenues over (under) expenditures for the year	(11,290)	49,930
Funds Retained for Working Capital and Future Operations, beginning of year	189,247	139,317
	--------	--------
Funds Retained for Working Capital and Future Operations, end of year, Statement A	$177,957	$189,247
	========	========

Statement C

THE MANITOBA INTERCULTURAL COUNCIL

Statement of Revenues and Expenditures for the Ethnocultural Community Support Fund
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Manitoba Lotteries Foundation		
- Gaming Fund and Casino	$1,024,546	$807,500
- Canteen	-	(22,092)
	1,024,546	785,408
Investment income	74,481	20,636
Total revenues	1,099,027	806,044
Expenditures:		
Allocations to organizations	945,750	907,143
Adjustments to prior year commitments payable (Note 2b)	(67,700)	-
Administration fee (Note 7)	102,454	87,419
Transfer to funds retained for working capital (Note 6)	10,000	-
Total expenditures	990,504	994,562
Revenues over (under) expenditures before extraordinary item	108,523	(188,518)
Extraordinary item (Note 8)	-	116,895
Revenues over (under) expenditures	108,523	(71,623)
Balance, beginning of year	784,597	856,220
Balance, end of year, Statement A	$ 893,120	$784,597

Schedule 1

THE MANITOBA INTERCULTURAL COUNCIL

Schedule of Expenditures
for the year ended March 31, 1988
(with 1987 figures for comparison)

	Administration	Biennial Ethnocultural Assembly	Council Meetings	Committees			Total	
				Executive	Community Resources Allocation	Standing Committees	1988	1987
Advertising and exhibits	$ 2,112	$ 5.407	-	-	$ 47	-	$ 7,566	$ 3,892
Equipment, furniture and maintenance	9,312	372	-	-	509	-	10,193	14,653
Health and post secondary education tax levy	3.377	129	99	437	347	27	4.416	1,983
Miscellaneous	878	966	-	670	668	724	3,906	2.156
Per diem	-	5.730	4,379	19,480	3,446	1,218	34,253	22,683
Printing	10.613	8,340	285	5,714	4,173	3,160	32,285	19.325
Professional fees	3,980	2,247	-	1,500	-	-	7,727	6,135
Publications and education	7,958	-	-	3,082	1.401	100	12,541	9,810
Rent and meeting rooms	31,760	2,509	2,331	-	140	-	36,740	21,777
Research projects and needs assessment	33	-	518	500	20,778	-	21.829	-
Salaries	166,998	-	-	-	-	-	166,998	121.160
Stationery	5,711	125	-	153	52	-	6.041	3,488
Telephone, postage and courier	9,479	248	-	1,089	336	11	11,163	7,026
Translation services	-	2.185	-	-	-	-	2,185	1,785
Travel, accommodation and meals	3,866	22,499	2,598	18,318	3,927	9,936	61,144	34,101
	--------	--------	--------	--------	--------	--------	--------	--------
Total expenditures, Statement B	$256,077	$ 50,757	$ 10.210	$ 50,943	$ 35,824	$ 15,176	$418,987	$269,974
	========	========	========	========	========	========	========	========

THE MANITOBA INTERCULTURAL COUNCIL

Notes to Financial Statements
March 31, 1988

1. Nature of Organization

The Manitoba Intercultural Council is a Crown corporation established by The Manitoba Intercultural Council Act. The objective of the Council is to provide information and advice to the Province of Manitoba on ethnocultural matters and to promote intercultural activities which will increase knowledge and understanding among ethnocultural groups.

The Manitoba Intercultural Council also acts as the Multicultural Umbrella under the gaming system in Manitoba and allocates gaming revenues to eligible not-for-profit multicultural organizations in the Province of Manitoba. The gaming revenues are derived from the Council's share of the gaming fund of the Manitoba Lotteries Foundation and the Council's share of bingo and casino events operated by the Manitoba Lotteries Foundation.

2. Accounting Policy

a) The financial statements have been prepared on the accrual basis of accounting except for furniture and equipment expenditures, which are recognized as expenditures in the year of acquisition. There has been no provision for depreciation.

b) Grants from the Ethnocultural Community Support Fund are reflected as expenditures in the accounts when funding is formally approved and committed by the Council. Adjustments to prior year commitments are reflected as expenditures in the accounts once final payment is approved.

3. Pension Plan

Effective April 1, 1987 the Council established a staff pension plan administered by The North American Life Assurance Company. The Council contributes to the Plan and the contributions and interest earned are applied on retirement to provide a money purchase pension. Employee contributions are voluntary. To date, no employees have contributed to the Plan. The Council's cost of contributions to the Plan for the 1987 - 88 fiscal year is $7,724.00.

4. Lease Commitment

The Council has a lease commitment for office rental expiring September 30, 1992. Basic annual rental excluding provision for escalation in taxes, insurance and operating costs is:

April 1, 1988 - March 31, 1989	$28,200
April 1, 1989 - March 31, 1990	29,100
April 1, 1990 - March 31, 1991	30,000
April 1, 1991 - March 31, 1992	30,000
April 1, 1992 - September 30, 1992	15,000

5. Ethnocultural Community Support Fund

The Ethnocultural Community Support Fund has been designated by The Manitoba Intercultural Council as the fund for the gaming revenues to be distributed in respect of not-for-profit multicultural organizations in the Province of Manitoba. The gaming revenues arise from an agreement between the Council and The Manitoba Lotteries Foundation.

Revenues and expenditures of the Ethnocultural Community Support Fund do not reflect results of bingo events administered by The Manitoba Lotteries Foundation. Net proceeds from bingos are distributed directly to multicultural organizations by The Manitoba Lotteries Foundation based on allocations provided by The Manitoba Intercultural Council. During the year ended March 31, 1988, Manitoba Lotteries Foundation distributed the net proceeds from bingo events in the amount of $336,356 (1987 - $424,086) to multicultural organizations.

6. Transfer to Funds Retained for Working Capital

During the year ended March 31, 1988, the Executive Committee approved a transfer of $10,000 from the Ethnocultural Community Support Fund to assist in Council's preparatory work to respond to the needs assessment review.

THE MANITOBA INTERCULTURAL COUNCIL

Notes to Financial Statements
March 31, 1988

7. Administration Fees

The Council has a policy of charging for administrative purposes 5% of the net proceeds from bingo events and 10% of the revenues from The Manitoba Lotteries Foundation, related to the Ethnocultural Community Support Fund. Administrative expenditures related to the Ethnocultural Community Support Fund are borne by the Council.

8. Extraordinary Item

During the year ended March 31, 1987, The Manitoba Lotteries Foundation paid interest in the amount of $116,895 on funds previously held in trust for The Ethnocultural Community Support Fund pending resolution of a formal agreement with the Council. The agreement was signed October 28, 1986.

Manitoba

THE MANITOBA LOTTERIES FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 7, of The Manitoba Lotteries Foundation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

July 22, 1988,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA LOTTERIES FOUNDATION
Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Assets		
Current Assets:		
Cash on hand and in bank	$ 3,010,534	$ 3,791,762
Term deposits with Minister of Finance	11,000,000	17,500,000
Accrued interest receivable	118,464	147,636
Accounts receivable:		
Western Canada Lottery Corporation	4,040,934	2,088,439
Trade	406,967	232,359
Miscellaneous	149,519	83,546
Inventories - at lower of cost or net realizable value:		
Bingo paper	131,594	112,428
Breakopen tickets	395,974	247,434
	19,253,986	24,203,604
Deposit on land	-	109,211
Net fixed assets, Note 3	3,649,675	3,218,756
Total assets	$22,903,661	$27,531,571

Exhibit A

THE MANITOBA LOTTERIES FOUNDATION
Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Liabilities and Fund Account Balances		
Current liabilities:		
Accounts payable and accrued liabilities:		
Government of the Province of Manitoba	$ 529,237	$ 298,103
Western Canada Lottery Corporation	190,936	65,388
Trade	270,242	369,587
Funds payable to the Government of the Province of Manitoba	4,589,269	4,695,132
Grants payable to organizations	5,070,366	5,163,875
	10,650,050	10,592,085
Accrued pension benefit	761,111	499,256
Fund account balances - Exhibit B		
Casino	140,105	118,840
Bingo Halls	295,375	730,532
Gaming Fund	3,176,478	811,695
General	2,343,348	2,515,021
Special	3,442,793	3,044,617
Equalization Fund	2,094,401	9,219,525
Total liabilities and fund account balances	$22,903,661	$27,531,571

Exhibit B

THE MANITOBA LOTTERIES FOUNDATION

Statement of Changes in Fund Account Balances
for the year ended March 31, 1988
(with 1987 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	General	Special	Equalization Fund	Totals 1988	Totals 1987
Balance, beginning of year before prior period adjustment	$ 118,840	$ 730,532	$ 811,695	$2,515,021	$ 3,044,617	$ 9,219,525	$16,440,230	$12,255,090
Prior period adjustment, Note 8	-	(750,000)	-	-	-	-	(750,000)	(750,000)
Balance, beginning of year after prior period adjustment	118,840	(19,468)	811,695	2,515,021	3,044,617	9,219,525	15,690,230	11,505,090
Add:								
Revenue over expenditure, Exhibit C	5,015,656	4,080,720	46,583,057	-	-	-	55,679,433	53,670,293
	5,134,496	4,061,252	47,394,752	2,515,021	3,044,617	9,219,525	71,369,663	65,175,383
Deduct:								
Funds allocated to the Government of the Province of Manitoba, Schedule 6	-	-	19,791,137	-	-	10,599,700	30,390,837	20,421,171
Grants allocated to organizations, Schedule 7	4,994,391	3,765,877	19,939,058	-	-	787,000	29,486,326	29,063,982
	4,994,391	3,765,877	39,730,195	-	-	11,386,700	59,877,163	49,485,153
Balance before transfers between fund accounts	140,105	295,375	7,664,557	2,515,021	3,044,617	(2,167,175)	11,492,500	15,690,230
Transfers between fund accounts	-	-	(4,488,079)	(171,673)	398,176	4,261,576	-	-
Balance, end of year, Exhibit A	$ 140,105	$ 295,375	$ 3,176,478	$2,343,348	$3,442,793	$ 2,094,401	$11,492,500	$15,690,230

Exhibit C

THE MANITOBA LOTTERIES FOUNDATION

Statement of Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Net lottery sales revenue, Schedule 1	$43,526,707	$40,390,572
Bingo paper and breakopen ticket sales, Schedule 2	5,477,147	6,180,459
Bingo hall revenue over expenditure, Schedule 3	4,080,720	4,329,474
Casino revenue over expenditure, Schedule 4	5,015,656	4,135,409
Interest income	1,423,219	1,759,631
License fees	831,989	796,309
Other income	267,814	174,092
	60,623,252	57,765,946
Administrative expenses, Schedule 5	4,943,819	4,095,653
Revenue over expenditure, Exhibit B	$55,679,433	$53,670,293

Schedule 1

THE MANITOBA LOTTERIES FOUNDATION

Net Lottery Sales Revenue
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Lottery sales at retail:		
Lotto 6/49	$ 62,115,425	$ 59,908,280
Instant	29,728,778	22,070,000
Western Express	12,139,650	13,555,246
Lotto 6/36	7,728,609	-
Provincial	5,323,155	5,612,990
Super Loto	4,526,670	6,286,400
Lotto West	-	3,758,968
	121,562,287	111,191,884
Interest and other revenue - Western Canada Lottery Corporation	733,823	709,202
	122,296,110	111,901,086
Cost of lottery sales - Western Canada Lottery Corporation	75,581,468	68,527,319
	46,714,642	43,373,767
Payment by agreement to the Government of Canada, Note 4	3,187,935	2,983,195
Net lottery sales revenue, Exhibit C	$ 43,526,707	$ 40,390,572

Schedule 2

THE MANITOBA LOTTERIES FOUNDATION
Bingo Paper and Breakopen Ticket Sales
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Bingo paper:		
Sales:		
- licensees	$1,393,129	$1,000,370
- bingo halls, Schedule 3	277,739	225,809
	1,670,868	1,226,179
Cost of bingo paper sold	1,511,028	1,108,979
Net sales	$ 159,840	$ 117,200
Breakopen tickets:		
Sales:		
- licensees	$6,361,589	$7,153,756
- bingo halls, Schedule 3	537,274	649,621
	6,898,863	7,803,377
Cost of breakopen tickets sold	1,581,556	1,740,118
Net sales	$5,317,307	$6,063,259
Bingo paper and breakopen ticket sales, Exhibit C	$5,477,147	$6,180,459

Schedule 3

THE MANITOBA LOTTERIES FOUNDATION
Bingo Hall Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue		
Bingo paper:		
Sales (retail)	$9,476,737	$8,551,926
Less:		
Prizes	5,627,127	5,001,030
Cost of paper sold, Schedule 2	277,739	225,809
	3,571,871	3,325,087
Breakopen tickets:		
Sales (retail)	5,969,774	7,218,044
Less:		
Prizes	3,880,357	4,691,822
Cost of tickets sold, Schedule 2	537,274	649,621
	1,552,143	1,876,601
Canteen proceeds	174,255	83,140
	5,298,269	5,284,828
Expenditure		
Advertising	35,215	32,282
Bingo hall rental	240,625	196,467
Depreciation and amortization	88,332	79,173
Maintenance	117,976	83,702
Salaries and benefits:		
- permanent	262,499	197,694
- casual	203,021	114,741
Security	59,701	39,968
Shortage allocated to organizations	100,094	122,213
Sundry	55,965	47,246
Supplies	8,834	5,561
Utilities	45,287	36,307
	1,217,549	955,354
Revenue over expenditure, Exhibit C	$4,080,720	$4,329,474

Schedule 4

THE MANITOBA LOTTERIES FOUNDATION

Casino Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Casino proceeds	$8,767,334	$7,421,355
Canteen and other income	66,648	42,517
Interest	630	1,706
	8,834,612	7,465,578
Expenditure:		
Advertising	139,435	241,645
Canteen supplies	78,305	59,038
Depreciation and amortization	258,761	169,341
Rentals	262,462	208,911
Salaries and benefits:		
- permanent	370,281	220,805
- casual	2,340,215	2,144,583
Security	113,398	87,931
Sundry	109,273	64,498
Supplies	83,206	92,746
Travel	63,620	40,671
	3,818,956	3,330,169
Revenue over expenditure, Exhibit C	$5,015,656	$4,135,409

Schedule 5

THE MANITOBA LOTTERIES FOUNDATION
Administrative Expenses
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Advertising and promotion	$ 203,840	$ 120,677
Board members' fees and expenses	45,456	28,540
Cartage	123,682	106,231
Commissions and bonuses	50,281	137,633
Depreciation and amortization	231,335	175,343
Equipment rentals, repairs and maintenance	45,502	65,027
Insurance, security and property taxes	85,659	65,676
Office and storage space rentals	153,458	145,798
Provision for pension benefits	261,347	148,703
Postage, telephone and telex	112,488	98,386
Professional fees	287,543	69,169
Salaries and benefits	2,826,725	2,470,330
Sundry	176,856	139,345
Supplies and printing	115,463	102,037
Travel	224,184	222,758
Total administrative expenses, Exhibit C	$4,943,819	$4,095,653

Schedule 6

THE MANITOBA LOTTERIES FOUNDATION

Allocation to the Government of the Province of Manitoba
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Department of Culture, Heritage and Recreation		
Funds allocated from:		
Gaming Fund Account	$14,474,206	$14,276,281
Equalization Fund Account	10,440,000	-
	24,914,206	14,276,281
Department of Health		
Funds allocated from:		
Gaming Fund Account	5,316,931	5,357,890
Equalization Fund Account	-	787,000
	5,316,931	6,144,890
Department of Community Services		
Funds allocated from:		
Equalization Fund Account	159,700	-
Total transfers, Exhibit B	$30,390,837	$20,421,171

Schedule 7

THE MANITOBA LOTTERIES FOUNDATION

Grants Allocated to Organizations
for the year ended March 31, 1988
(with 1987 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	Equalization Fund	Totals 1988	Totals 1987
Manitoba Sports Federation Inc. and member organizations	$ 85,058	$2,292,536	$ 7,287,296	$ -	$ 9,664,890	$10,404,596
Manitoba Arts Council and member organizations	212,646	148,560	5,199,123	-	5,560,329	5,484,596
Manitoba Community Education Association Inc. and member organizations	1,435,361	148,506	-	-	1,583,867	616,519
Manitoba Community Services Council and member organizations	425,292	834,945	3,196,182	-	4,456,419	4,233,630
Manitoba Heritage Federation Inc.	821,962	-	-	-	821,962	584,440
Manitoba Intercultural Council and member organizations	212,646	341,330	809,700	-	1,363,676	1,360,568
United Way of Winnipeg	-	-	2,386,483	-	2,386,483	2,386,483
Health Sciences Centre Research Foundation	-	-	530,137	-	530,137	714,452
Manitoba Health Research Council	-	-	530,137	787,000	1,317,137	714,452
Rick Hansen "Man In Motion" Trust Fund	-	-	-	-	-	10,000
Festival du Voyageur	331,237	-	-	-	331,237	261,275
Red River Exhibition Association	331,237	-	-	-	331,237	264,000
Folk Arts Council of Winnipeg Inc.	294,432	-	-	-	294,432	236,268
Winnipeg Blue Bombers Football Club	294,432	-	-	-	294,432	207,936
Keystone Association of Charities Inc.	-	-	-	-	-	874,510
Royal Canadian Legion, Manitoba and Northwest Ontario Command	-	-	-	-	-	25,931
Rural Casinos, Note 6	550,088	-	-	-	550,088	684,326
Total, Exhibit B, Note 5	$4,994,391	$3,765,877	$19,939,058	$787,000	$29,486,326	$29,063,982

THE MANITOBA LOTTERIES FOUNDATION
Notes to the Financial Statements
for the year ended March 31, 1988

1. Establishment of the Foundation and Nature of Operations

Order-in-Council 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act.

The Foundation is the Agent of the Government of the Province of Manitoba in the Western Canada Lottery Corporation (W.C.L.C.). W.C.L.C. is responsible for providing the lottery tickets, determining the winning tickets, paying out the prizes, as well as other administrative responsibilities as determined by the member Provinces.

The Manitoba Lotteries Foundation is responsible for the overall conduct and management of all lottery schemes in Manitoba, except for raffles with prizes under three thousand dollars. The Foundation may issue licences to organizations to hold lottery schemes, in which case, the Foundation carries out a supervisory and compliance control.

The Manitoba Lotteries Foundation conducts and manages bingo and breakopen ticket lotteries at two bingo halls (three halls prior to January 1, 1986). The Foundation also conducts and manages all casinos in the Province of Manitoba.

2. Significant Accounting Policies

(a) Revenue and expenditure recognition

Revenue and expenditure is recorded on an accrual basis except for the following:

(i) Revenue on lottery ticket sales, Schedule 1, Note 2(b), is recognized on sales for which draws are completed in the fiscal year.

(ii) Casino revenue and expenditure, Schedule 4, Note 2(f), is recognized on casinos which are completed in the fiscal year.

(iii) Licensing revenue, Note 2(c), is recognized on a cash receipts basis.

(b) Government Lotteries

Lottery revenue is received from W.C.L.C. and represents the revenue the Foundation receives from government lottery sales in the Province of Manitoba less Manitoba's share of W.C.L.C.'s costs associated with these sales and Manitoba's share of the amounts owing to the Federal Government.

(c) Licence Fees

Licence fees are assessed to recover certain of the Foundation's operating costs pertaining to the regulation of lottery schemes in the Province.

(d) Fixed Assets and Depreciation

Fixed assets are recorded at cost.

Furniture, automotive and other equipment are depreciated on a straight-line basis over 5 years.

Building is depreciated on a straight-line basis over 20 years.

Leasehold improvements are amortized over the term of the lease.

Casino security equipment is depreciated on a straight-line basis over 10 years.

During the year, the Foundation has revised the useful life of certain fixed assets. This resulted in an increase in the amount of depreciation for the year and a decrease in Revenue over Expenditure of $81,232.

(e) Pension Costs

Employees and officers of the Foundation are pensionable under the Civil Service Superannuation Fund (the Fund) and make contributions to the Fund at prescribed rates. The Foundation is required to pay 50% of the pension disbursements made to retired employees. It is the policy of the Foundation to charge to administrative expense the employer's portion of pension benefits earned by employees. This is calculated in accordance with a formula contained in the actuarial report prepared as of December 31, 1986. The expense for 1988 was $261,347 (1987, $148,703). This expense and the resulting liability of $761,111 (1987, $499,256) are based on the assumption that future pensions will be increased due to increases in the cost of living.

(f) Casino

The casino statement, Schedule 4, reflects the transactions pertaining to casinos operated and managed by the Foundation. The casinos are charged with all direct expenses of operating the casinos. There is no allocation of indirect expenses including senior management salaries.

(g) Bingo Halls

The bingo hall statement, Schedule 3, reflects the transactions pertaining to bingo hall events operated and managed by the Foundation. The bingo hall operations are charged for all direct expenses of operating the bingo halls. There is no allocation of indirect expenses including senior management salaries.

The Foundation deducts from the proceeds of each bingo event an amount intended to recover direct expenses. If direct expenses exceed the amount charged to the bingos the variance is recovered from future bingos. If the direct expenses are less than the amount charged to the bingos the variance is payable to the umbrella groups associated with the organizations that were involved with the bingo events.

(h) Fund Accounts

The Foundation maintains specific fund accounts in order to recognize restrictions placed on the use of resources. The funds are included in the net assets of the Foundation.

The proceeds realized by the Foundation from the conduct and management of lottery schemes, less the costs of conducting and managing the lottery schemes and administering the Manitoba Lotteries Foundation Act, are to be used and applied as the Lieutenant Governor in Council directs or in accordance with general guidelines prescribed by the Lieutenant Governor in Council.

(i) Gaming Fund Account

The Gaming Fund Account is credited with the net proceeds from operations except for casino and bingo hall operations.

The available proceeds of this Fund Account are payable and/or transferable to charitable community organizations through their designated umbrella groups, to designated departments of the Government of the Province of Manitoba and to the Equalization Fund Account based on a sharing formula approved by Order-in-Council.

(ii) Casino and Bingo Hall Fund Accounts

These fund accounts are credited with the net proceeds from casinos and bingos operated by the Foundation.

The proceeds are payable to umbrella groups and/or community organizations that were involved with the casino and/or bingo events.

(iii) General Fund Account

The General Fund Account reflects $2,343,348 in retained income for working capital and investments in fixed assets. For the year ended March 31, 1988 an interfund transfer of $171,673 to the Special Fund Account was recorded as required by Cabinet directive. Transfers are being made back to the Special Fund Account over the next two years to carry out the balance of the Cabinet directive.

(iv) Special Fund Account

The Special Fund Account is set up and used for special projects as authorized by Cabinet. Changes in the account during the year are set out below:

Opening balance		$3,044,617
Transfers from General Fund Account, Note 2(h)(iii)	$ 171,673	
Interest transferred from Gaming Fund Account	226,503	398,176
Closing balance, Exhibit B		$3,442,793

(v) Equalization Fund Account

This Fund Account receives a 10% allocation of the net proceeds credited to the Gaming Fund Account after adjustments for medical research proceeds and interest. This is based on a sharing formula approved by Order-In-Council. For 1988, in compliance with Ministerial direction, the Equalization Fund received the lesser of 10% or an amount equal to the 1987 allocation. The purpose of this Fund Account is to provide for adjustments which may be necessary, based on historical relationships between sharing groups in the Gaming Fund Account and to provide for any other uses at the sole discretion of the Government of the Province of Manitoba.

3. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1988 Net Book Value	1987 Net Book Value
Land	$1,344,723	$ -	$1,344,723	$ 852,164
Furniture and equipment	758,278	473,812	284,466	326,153
Building	1,243,444	172,353	1,071,091	1,105,979
Leasehold improvements	891,702	691,739	199,963	148,819
Casino equipment and chips	526,533	344,250	182,283	320,282
Casino security equipment	402,629	109,644	292,985	331,185
Other equipment	429,921	155,757	274,164	134,174
	$5,597,230	$1,947,555	$3,649,675	$3,218,756

4. Payment to Government of Canada

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government.

On June 3, 1985, a second agreement was signed between the Provinces of Canada and the Federal Government whereby the Provinces have agreed to pay $100,000,000 over three years in return for the Federal Government amending the criminal code removing the Federal Government as a participant in lottery and gaming activities.

Manitoba's share of payment	1988	1987
Agreement #1	$1,738,595	$1,594,870
Agreement #2	1,449,340	1,388,325
	$3,187,935	$2,983,195

5. Grants to Organizations

Grants to organizations reflected on Schedule 7 were made to the umbrella groups and/or member organizations. Agreements and/or letters of understanding with the umbrella groups provide for Manitoba Lotteries Foundation to make certain payments directly to the member organizations.

6. Rural Casinos

Proceeds of the rural casinos were allocated to the following organizations:

	1988	1987
Lorette Sports Centre	$ 39,627	$ 32,384
Garson Community Rink Inc.	38,742	17,718
Stonewall Casino '87	38,312	-
East St. Paul Community Club	33,615	114,603
St. Andrews Community Club	28,295	42,224
Richer Knights of Columbus	28,280	-
Carman Curling Club	25,606	16,066
Oakbank Community Club	21,570	18,038
Provincial Exhibition of Brandon	21,435	53,579
Selkirk Casino Umbrella Group	20,339	35,272
East Selkirk Recreation Assoc. Inc.	19,144	7,773
Kinsmen Club of The Pas	18,656	6,052
Little Britain Community Club	17,197	-
Warren Recreation Center	15,282	-
Kinsmen Club of Gimli	14,533	1,465
Labroquerie Arena Board	14,191	10,532
Grosse Isle Memorial Park Recreational Club	13,114	47,814
Meadows Community Club	13,114	-
Rosser Central Community Club	13,114	-
Kinsmen Club of Flin Flon	10,934	7,969
Kinsmen Club of Teulon	10,895	14,593
St. Pierre Curling Club	10,552	-
Kinsmen Club of Thompson	9,494	21,451
St. Adolphe Community Club	9,456	-
Morris Curling Club	7,130	-
Beausejour Brokenhead Memorial Arena Board	6,948	14,679
Balmoral Skating and Hockey Club	6,910	5,602
Kinsmen Club of Stony Mountain	6,910	5,602
St. Francois Xavier Community Club	6,182	36,695
Ste. Anne Curling Club	4,896	-
R.C.L. #220 - La Verendrye Branch	4,896	-
Ste. Anne Minor Hockey Association	4,896	32,552
Village of Ste. Anne Parks & Recreation	4,896	-
Rotary Club of Flin Flon	3,805	-
Belcourt Community Club	3,091	-
St. Francois Xavier Fire Fighters	3,091	-
Northern Manitoba Trapper's Festival	-	7,802
Elie Community Club	940	19,262
South Interlake Golf and Country Club and Woodlands R.C.L. #248	-	54,118
Winnipeg Beach Community Curling Club	-	13,233
St. Adolphe Jaycees	-	12,217
Lions Club of The Pas	-	6,052
Kinsmen Club of Stonewall		28,979
	$550,088	$684,326

7. Commitments and Contingent Liabilities

(a) The following contractual liabilities exist as at March 31, 1988:

Operating lease commitments for facilities, halls and equipment amount to $926,477.

The minimum rental payments on these leases for subsequent fiscal years are:

March 31, 1989	$359,804
March 31, 1990	301,977
March 31, 1991	207,496
March 31, 1992	55,700
March 31, 1993	1,500
	$926,477

(b) The following contingent liabilities exists as at March 31, 1988:

Four claims have been filed against the Foundation. One claim is with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba. One claim is with respect to the Foundation's operating, managing and controlling casinos in the Province of Manitoba. One claim pertains to the Foundation's refusal of a certain licence while another claim concerns the business of selling lottery products outside the Province of Manitoba.

The financial implication of these claims cannot be determined at this time.

No provision has been made in the accounts of the Foundation in respect to these claims as at March 31, 1988.

8. Prior Period Adjustment

One former claim with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba has been settled for $750,000.

9. Comparative Figures

The 1987 figures have been reclassified where necessary to conform to the 1988 financial statement presentation.

In particular, the accounts previously shown as Fund account balances payable to organizations or the Government of the Province of Manitoba have been reclassified on Exhibit A into Funds payable to the Government of the Province of Manitoba and Grants payable to organizations to reflect those amounts which have been allocated to specific entities and fund accounts for Casino, Bingo Halls and Gaming Fund to reflect those amounts which have yet to be allocated to specific entities. Amounts shown as Funds allocated to the Government of the Province of Manitoba, Grants payable to organizations and the opening balances of Casino, Bingo Halls and Gaming Fund have been similarly reclassified on Exhibit B.

Manitoba

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Mental Health Research Foundation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

May 5, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Cash in bank	$ 113,575	$ 29,971
Term deposit	-	125,000
	$ 113,575	$ 154,971
FUND BALANCES		
Unexpended funds, Exhibit B:		
Specific	$ 81,692	$ 86,198
General	31,883	68,773
	$ 113,575	$ 154,971

EXHIBIT B

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Statement of Cash Receipts and Disbursements and Unexpended Funds for the year ended March 31, 1988 (with 1987 figures for comparison)

	Specific Funds	General Funds	1988 Total	1987 Total
Receipts (Note 4):				
Grant from the Government of the Province of Manitoba	$ -	$ -	-	$ 50,000
Grant from The Winnipeg Foundation	-	-	-	15,000
Bank interest	-	8,896	8,896	10,004
Donations received	-	14,550	14,550	19,138
Other	-	857	857	-
Total Receipts	$ -	$ 24,303	24,303	$ 94,142
Disbursements:				
Research projects:				
University of Manitoba on behalf of grantees	$ 35,345	$ -	35,345	$ 34,719
University of Winnipeg on behalf of grantees	7,500	-	7,500	10,219
Health Sciences Centre on behalf of grantees	5,636	-	5,636	3,874
Centre Hospitalier Tache Nursing Centre Inc. on behalf of grantees	-	-	-	11,211
Tourette Syndrome Foundation of Canada	1,986	-	1,986	-
	50,467	-	50,467	60,023
Administrative expenses:				
Bank charges	-	104	104	103
Conferences, workshops and memberships	-	805	805	1,323
Miscellaneous	-	745	745	1,110
Postage and courier	-	367	367	1,480
Printing and stationery	-	960	960	3,556
Rent	-	2,185	2,185	5,355
Salary and staff benefits	-	10,066	10,066	27,936
Office furniture	-	-	-	832
	-	15,232	15,232	41,695
Total Disbursements	50,467	15,232	65,699	101,718
Excess (deficiency) of receipts over disbursements	(50,467)	9,071	(41,396)	(7,576)
Transfers, net (Note 3)	45,961	(45,961)	-	-
	(4,506)	(36,890)	(41,396)	(7,576)
Unexpended funds, beginning of year	86,198	68,773	154,971	162,547
Unexpended funds, end of year, Exhibit A	$ 81,692	$ 31,883	113,575	$ 154,971

MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Notes to the Financial Statements
for the year ended March 31, 1988

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1. Nature of the Foundation

The Foundation is incorporated under The Manitoba Mental Health Research Foundation Act. Its aims and objectives are to support and to promote the development of mental health research in Manitoba. The Foundation is a registered charity within the meaning of The Income Tax Act.

2. Accounting Policies

a) Accounting basis

The Foundation's financial statements have been prepared using the cash basis of accounting.

b) Administrative expenses

The members of the board of governors, and the treasurer, serve without remuneration.

c) Transfers between General and Specific funds

Specific funds pertain to projects which the Board has approved to be conducted by the grantees. The projects are either in progress or completed. Upon Board approval of a project, a transfer is made from General to Specific funds in the amount of the approved level of the project funding. When projects are completed and the Board has determined that unspent funds remaining will not be required for the project, these unspent funds are transferred from Specific to General funds.

THE MANITOBA MENTAL HEALTH RESEARCH FOUNDATION

Notes to the Financial Statements
for the year ended March 31, 1988

3. Transfer of Funds

The transfer from General to Specific Funds was $48,945 (1987-$77,784). The transfer from Specific to General of unexpended funds from completed research projects was $2,984 (1987 - $7,294).

4. Subsequent Event

Subsequent to March 31, 1988, the Foundation received a mental health research grant of $30,000 from the Manitoba Health Services Commission's expenditures for the year ended March 31, 1988.

Manitoba

THE MANITOBA MILK PRICES REVIEW COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Milk Prices Review Commission for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

August 15, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA MILK PRICES REVIEW COMMISSION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Current Assets:		
Cash	$ 5,291	$ 14,760
Account receivable	-	173
Prepaid expense	-	444
	$ 5,291	$ 15,377
LIABILITIES AND UNEXPENDED FUNDS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 5,023	$ 2,077
Unexpended funds, Exhibit B	268	13,300
	$ 5,291	$ 15,377

EXHIBIT B

THE MANITOBA MILK PRICES REVIEW COMMISSION

Statement of Revenue and Expenditure and Unexpended Funds for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Revenue:		
Grant from the Government of the Province of Manitoba	$ 12,482	$ 29,968
Interest	334	234
	12,816	30,202
Expenditure:		
Annual report	587	583
Commission - per diem and benefits	2,704	3,921
- travel	5,290	4,265
Office and postage	5,123	2,117
Professional fees	9,072	7,789
Salaries and benefits (note 3)	-	1,898
Sundry	2,414	1,039
Telephone	658	560
	25,848	22,172
Revenue (under) over expenditure	(13,032)	8,030
Unexpended funds, beginning of the year	13,300	5,270
Unexpended funds, end of the year, Exhibit A	$ 268	$ 13,300

THE MANITOBA MILK PRICES REVIEW COMMISSION

Notes to Financial Statements
for the year ended March 31, 1988

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1. Nature of the Commission

The Milk Prices Review Act was enacted effective September 29, 1980. This Act established The Manitoba Milk Prices Review Commission to monitor prices of fluid milk, to set the price at which milk may be sold by a producer for use as fluid milk and, if necessary, to set maximum and/or minimum prices at which fluid milk may be sold to consumers.

2. Accounting Policies

a) The Commission uses the accrual basis of accounting except for office equipment purchases which are charged to operations in the year of acquisition.

b) The financial statements do not reflect services provided free of charge by the Government of the Province of Manitoba.

3. Services Provided by the Government of the Province at no Charge

The Government of the Province of Manitoba provides the services of an Executive Secretary, office accommodations, miscellaneous administrative services and effective May 1, 1986 the services of a bookkeeper at no charge to the Commission. The estimated cost of such services for this year is $70,000.

4. The Manitoba Fluid Milk Commission

The Manitoba Fluid Milk Commission was established effective March 1, 1984 by regulation under the Natural Products Marketing Act. The Manitoba Fluid Milk Commission could set maximum and/or minimum or fixed prices at which fluid milk may be sold by a distributor or processor. The members of The Manitoba Fluid Milk Commission were also members of The Manitoba Milk Prices Review Commission. Administrative services for The Manitoba Fluid Milk Commission were provided by staff of The Manitoba Milk Prices Review Commission and the Government of the Province of Manitoba without charge. As of February 1, 1988, this Commission was dissolved by Regulation 42/88 and its responsibilities assumed by The Manitoba Milk Prices Review Commission.

Manitoba

MANITOBA MINERAL RESOURCES LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Manitoba Mineral Resources Ltd. as at December 31, 1987 and the statement of operations and the statement of changes in cash resources for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Manitoba Mineral Resources Ltd. as at December 31, 1987 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, CA,
Provincial Auditor.

February 15, 1988,
Winnipeg, Manitoba.

Exhibit A

MANITOBA MINERAL RESOURCES LTD.

Balance Sheet
as at December 31, 1987
(with comparative figures at December 31, 1986)

ASSETS

	1987	1986
Current assets:		
Cash - in bank	$ 478,543	$ 417,885
- in trust with the Minister of Finance	3,195,000	2,725,000
Settlements and accounts receivable (Notes 3(b) & 6)	2,924,704	1,421,567
Accrued interest receivable	59,903	41,934
Prepaid expenses	3,999	4,229
Total current assets	6,662,149	4,610,615
Fixed assets, net (Notes 3(c) & 8)	3,553,254	1,530,025
	$ 10,215,403	$ 6,140,640

LIABILITIES

	1987	1986
Current liabilities:		
Accounts payable	$ 400,097	$ 236,251
Total current liabilities	400,097	236,251

SHAREHOLDER'S EQUITY

	1987	1986
Capital stock (Notes 1 & 4):		
Authorized - unlimited number of shares without par value for unlimited consideration		
Issued and fully paid - 5 shares at $1.00 each	5	5
- 740,000 shares at $10.00 each	7,400,000	7,400,000
	7,400,005	7,400,005
Deficit, beginning of year	(1,495,616)	(2,538,108)
Net income, Exhibit B	3,910,917	1,042,492
Surplus (deficit), end of year	2,415,301	(1,495,616)
Total shareholder's equity	9,815,306	5,904,389
	$ 10,215,403	$ 6,140,640

Exhibit B

MANITOBA MINERAL RESOURCES LTD.

Statement of Operations
For the year ended December 31, 1987
(with comparative figures for the year ended December 31, 1986)

	1987	1986
Income:		
Sale of concentrates	$ 12,326,636	$ 8,720,921
Interest	185,648	145,572
Management fees	124,258	128,991
Other	31,075	12,677
	12,667,617	9,008,161
Expenses:		
Administration, Schedule 1	397,814	360,456
Trout Lake mine, Schedule 2	6,008,561	4,954,619
Exploration		
Wholly owned ventures	304,370	644,395
Joint ventures, (Note 7)	2,045,955	2,006,199
	8,756,700	7,965,669
Net income, Exhibit A	$ 3,910,917	$ 1,042,492

Exhibit C

MANITOBA MINERAL RESOURCES LTD.

Statement of Changes in Cash Resources
For the year ended December 31, 1987
(with comparative figures for the year ended December 31, 1986)

	1987	1986
Operating activities:		
Net income	$ 3,910,917	$ 1,042,492
Items not involving cash		
Depreciation and amortization	265,921	121,406
	4,176,838	1,163,898
Net change in noncash working capital balances	(1,357,030)	(293,380)
	2,819,808	870,518
Financing activities:		
Shares issued	-	600,000
Financial resources generated from operating and financing activities	2,819,808	1,470,518
Investments:		
Fixed asset additions	2,289,150	897,830
Increase in cash and equivalents	530,658	572,688
Cash and equivalents, beginning of year	3,142,885	2,570,197
Cash and equivalents, end of year	$ 3,673,543	$ 3,142,885

Schedule 1

MANITOBA MINERAL RESOURCES LTD.

Schedule of Administration Expenses
For the year ended December 31, 1987
(with comparative figures for the year ended December 31, 1986)

	1987	1986
Salaries, wages and employee benefits	$ 225,465	$ 199,324
Office rent	50,715	51,753
Equipment rental and maintenance	7,784	16,981
Accounting and audit	17,740	16,325
Legal	9,173	3,716
Telephone	10,557	10,014
Printing, postage & supplies	17,299	14,930
Directors' fees	2,000	1,800
Depreciation	28,953	26,989
Corporation capital tax	22,640	11,719
Assessment - The Public Investments Corporation of Manitoba	2,500	-
Other	23,049	19,296
	417,875	372,847
Revenue from rental of camp and field equipment	(20,061)	(12,391)
Total Administration Expenses, Exhibit B	$ 397,814	$ 360,456

Schedule 2

MANITOBA MINERAL RESOURCES LTD.

Statement of Trout Lake Mine Expenses
For the year ended December 31, 1987
(with comparative figures for the year ended December 31, 1986)

	1987	1986
Mining	$ 4,162,095	$ 3,613,298
Milling	1,592,610	1,229,744
Monitoring	16,888	17,160
Amortization and depreciation (Note 3(c))		
Exploration	28,096	28,037
Development	68,632	66,380
Equipment	140,240	-
Total Trout Lake Mine Expenses, Exhibit B	$ 6,008,561	$ 4,954,619

MANITOBA MINERAL RESOURCES LTD.

Notes to Financial Statements
For the year ended December 31, 1987

1. Status of the Company

Manitoba Mineral Resources Ltd. is a Crown corporation established under The Manitoba Natural Resources Development Act and incorporated under The Manitoba Corporations Act. The issued shares are held by the Government of the Province of Manitoba except for five shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba. The Company is authorized to issue an unlimited number of common shares for an unlimited maximum consideration.

2. Nature of the Operations

The Company undertakes exploration for minerals in the Province of Manitoba through wholly owned ventures and joint ventures. These joint ventures are operated by either the Company or the joint venturers.

The Company also maintains an interest in the development, mining and processing of ore from the Trout Lake mine and the sale of the concentrates. This activity is further explained in Note 5.

3. Significant Accounting Policies

(a) Accounting basis

The accounts are reflected on the accrual basis of accounting, and are in accordance with generally accepted accounting principles.

(b) Settlements receivable

The Company entered into contracts with Hudson Bay Mining and Smelting Co. Limited for the sale of its concentrates. Under the terms of the contracts, the concentrates are deemed to be sold at the time of delivery of ore to the mill. The settlements receivable on sales of concentrates are recorded at the estimated net realizable value.

(c) Fixed assets and depreciation and amortization

(i) Field and office equipment and vehicles are recorded at cost and are depreciated at various rates from 20% to 30% on a straight-line basis.

(ii) Exploration costs are charged to expense as incurred. They are capitalized when a mine is brought into production. The development costs associated with bringing a property into an operating mine status are capitalized as are expenditures on mine equipment.

3. (c) (ii) (continued)

The net book value and the estimated reserves at the beginning of the year are the bases used in amortizing these assets by the unit-of-production method.

4. Capital Authority

The Government of the Province of Manitoba has authorized the following amounts for funding the Company's activities:

Authority	Amount Authorized	Amount Used to Purchase Shares
The Loan Act, 1982	$ 2,800,000	$ 2,800,000
The Loan Act, 1983(2)	5,600,000	4,600,000
The Loan Act, 1984(2)	7,062,000	-
The Loan Act, 1987	12,500,000	-
	$27,962,000	$ 7,400,000

No shares were issued during the year.

5. Trout Lake Mine

The Trout Lake mine is an unincorporated joint venture which is limited to the development and operation of the mine. The joint venturers take the ore produced in proportion to their interests and are individually responsible for processing of the ore and sale of the concentrates.

The Company has a 27% interest in the joint venture. Hudson Bay Mining and Smelting Co. Limited has 44%, Granges Exploration Ltd. 19.833% and Outokumpu Oy 9.167%.

These financial statements reflect the Company's revenue and expenditures for its 27% interest in the joint venture operations and the additional activities outside of the joint venture, including arrangements for the processing of the ore, sale of concentrates and monitoring.

MANITOBA MINERAL RESOURCES LTD.

Notes to Financial Statements
For the year ended December 31, 1987

	1987	1986
6. Settlements and Accounts Receivable		
Settlements receivable on sales of Trout Lake mine concentrates (Note 3(b))	$ 2,818,145	$ 1,369,918
Accounts receivable	106,559	51,649
	$ 2,924,704	$ 1,421,567
7. Exploration Expenses - Joint Ventures		
Joint ventures operated by Manitoba Mineral Resources Ltd.	$ 2,446,573	$ 2,464,086
Deduct: recoveries from joint venturers	1,188,847	1,273,252
	1,257,726	1,190,834
Joint ventures operated by others	788,229	815,365
	$ 2,045,955	$ 2,006,199

8. Fixed Assets, Net

	Cost	Accumulated Depreciation and Amortization	1987 Net Book Value	1986 Net Book Value
Trout Lake mine				
Exploration	$ 335,498	$ 188,862	$ 146,636	$ 174,731
Development	809,936	449,265	360,671	426,828
Equipment	1,344,845	140,240	1,204,605	872,164
Construction in progress	1,791,885	-	1,791,885	-
	4,282,164	778,367	3,503,797	1,473,723
Field equipment	171,058	143,279	27,779	42,451
Office equipment	60,436	40,079	20,357	8,571
Vehicles	22,907	21,586	1,321	5,280
	$ 4,536,565	$ 983,311	$ 3,553,254	$1,530,025

MANITOBA MINERAL RESOURCES LTD.

Notes to Financial Statements
For the year ended December 31, 1987

9. Contingent Liabilities

Authorized funds available from the Government of the Province of Manitoba, in the amount of $8,239,348 have been drawn down as conditional working capital grants since the inception of Manitoba Mineral Resources Ltd. and netted against the deficit account. No such grants have been drawn down since 1983. These grants are non-interest bearing and conditional on the basis that they become repayable to the Province if, as and when exploration projects become profitable ventures.

10. Comparative Figures

Comparative figures for the year ended December 31, 1986 have been restated to conform with the presentation adopted for the current year.

AUDITOR'S REPORT

To the Shareholders of The Manitoba Oil and Gas Corporation

We have examined the balance sheet of The Manitoba Oil and Gas Corporation as at December 31, 1987 and the statements of operations and deficit and of changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 10, 1988

Deloitte Haskins & Sells

[redacted]

Chartered Accountants

BALANCE SHEET

As at December 31,	1987	1986
Assets		
Cash	$ 167,930	$ 75,049
Funds held in trust (note 4)	3,700,000	2,600,000
Accounts receivable (note 7)	1,259,826	113,373
Drilling advances	26,025	115,963
Inventories	56,683	29,748
Deposits and prepaid expenses	52,224	23,890
	$5,262,688	$2,958,023
Property and equipment less accumulated depletion, depreciation and amortization (note 3)	$9,416,642	$6,521,365
	$14,679,330	$9,479,388

Liabilities		
Accounts payable	$ 924,233	$ 479,755
Equity, Province of Manitoba		
Share capital (note 4)	$15,000,000	$10,000,000
Deficit	1,244,903	1,000,367
	$13,755,097	$ 8,999,633
	$14,679,330	$ 9,479,388

The accompanying notes are an integral part of this balance sheet.

Approved on Behalf of the Board

Director Tm Silver

Director G. Hastings

[redacted]

STATEMENT OF OPERATIONS AND DEFICIT

For the Years Ended December 31,	1987	1986
Revenue		
Petroleum sales	$1,147,480	$ 484,134
Less: Royalties	118,532	51,206
	$1,028,948	$ 432,928
Pipeline fees	160,486	169,737
Interest and other income	13,614	25,916
	$1,203,048	$ 628,581
Expenses		
Production and operating	$ 433,856	$ 255,816
General and administrative	538,601	457,262
Depletion, depreciation and amortization	475,127	285,958
	$1,447,584	$ 999,036
Net loss for the year	$ 244,536	$ 370,455
Deficit, beginning of year	$1,000,367	$ 629,912
Deficit, end of year	$1,244,903	$ 1,000,367

The accompanying notes are an integral part of this statement.

STATEMENT OF CHANGES IN CASH RESOURCES

For the Years Ended December 31,	1987	1986
Operating Activities		
Loss from operations	$(244,536)	$(370,455)
Depletion, depreciation and amortization	475,127	285,958
	$ 230,591	$(84,497)
Net change in non cash working capital related to operations	(115,504)	13,650
	$ 115,087	$(70,847)
Financing Activities		
Issuance of share capital	$ 5,000,000	$ 5,000,000
Investing Activities		
Expenditures on property and equipment	$(3,370,404)	$(3,662,655)
Net change in non cash working capital related to capital expenditures	337,761	169,178
	$(3,032,643)	$(3,493,477)
Other		
Payments on behalf of the Province of Manitoba (note 7)	$(889,563)	—
Net Increase in Cash	$ 1,192,881	$ 1,435,676
Cash, Beginning of Year	$ 2,675,049	$ 1,239,373
Cash, End of Year	$ 3,867,930	$ 2,675,049

"Cash" comprises cash and funds held in trust

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared by management in accordance with generally accepted accounting principles. The Corporation's more significant accounting policies are summarized below.

Joint Ventures

Substantially all of the Corporation's exploration activities are conducted jointly with others. These financial statements reflect only the Corporation's proportionate interest in such activities.

Petroleum and Natural Gas Properties

The Corporation follows the full cost method of accounting for oil and gas operations wherein all costs related to the exploration for and development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, costs of drilling both productive and nonproductive wells and all technical and administrative overhead directly associated with exploration and development activities.

Proceeds from the disposition of oil and gas assets are credited against accumulated costs unless such a disposition would significantly alter the relationship between capitalized costs and proved reserves. Gains and losses on other property and equipment dispositions are recognized in the statement of operations.

Ceiling Test

The Corporation places a limit on the aggregate costs that can be capitalized as Petroleum and Natural Gas expenditures (the Ceiling Test) which conforms with the full cost accounting guideline issued by the Canadian Institute of Chartered Accountants. This "ceiling" is equal to the future net revenues from proved reserves, net of estimated future general and administrative costs, plus the lower of cost and fair market value of non producing properties.

In determining future revenues, the Company applied a price of $22.75 per barrel (1986 — $18.70) based on average prices received during the year. No adjustment would be required if the year end price of $20.80 per barrel (1986 — $19.55) had been applied.

Depletion, Depreciation and Amortization

Depletion of oil and gas properties and depreciation of production equipment and facilities are calculated using the unit-of-production method based on estimated proved reserves of oil and gas. Costs of acquiring and evaluating unproved properties are excluded from capitalized costs to be depleted until it is determined whether or not proved reserves are attributed to the properties or impairment in value has occurred.

Cumulative expenditures excluded from costs subject to depletion and depreciation were $1,972,600 (1986 — $1,742,400).

Depreciation on other equipment is calculated at rates ranging from twenty to twenty-five percent. Leasehold improvements are amortized over the remaining term of the lease plus one renewal period.

Capitalized Costs

In applying the full cost method of accounting the Company capitalized general and administrative costs directly associated with exploration and development totalling $267,900 (1986 — $280,300).

2. STATUS OF THE CORPORATION

The Manitoba Oil and Gas Corporation was established as a Crown Corporation under The Manitoba Oil and Gas Corporation Act, Bill 4, in 1983. Under the provisions of its Act, the Corporation conducts activities to promote exploration for and development of oil and gas as a direct participant in the industry.

3. PROPERTY AND EQUIPMENT

	1987			1986
	Cost	Accumulated Depreciation Depletion & Amortization	Net Book Value	Net Book Value
Petroleum and natural gas properties including exploration & development thereon	$ 8,335,286	$ 607,716	$7,727,570	$5,148,749
Pipeline investment	544,132	174,780	369,352	410,009
Production equipment	1,215,497	111,200	1,104,297	720,646
Other	361,805	146,382	215,423	241,961
	$10,456,720	$1,040,078	$9,416,642	$6,521,365

4. SHARE CAPITAL

As a Crown corporation, the Corporation issues share certificates to the Minister of Finance in exchange for equity financing. Proceeds available to the Corporation in respect of shares issued are held in trust by the Minister to be advanced as funds are required to finance operations.

Undisbursed funds held in trust are non interest-bearing to the Corporation.

Authorized

The Corporation is authorized to issue 200,000 shares for maximum consideration of $20,000,000.

Issued	1987		1986	
	Shares	Amount	Shares	Amount
Beginning of year	100,000	$10,000,000	50,000	$ 5,000,000
Issued	50,000	5,000,000	50,000	5,000,000
End of year	150,000	$15,000,000	100,000	$10,000,000
Proceeds advanced		11,300,000		7,400,000
Funds held in Trust		$ 3,700,000		$ 2,600,000

5. EMPLOYEE PENSION PLAN

Under the terms of the Company's pension plan, employee contributions are matched by the Corporation and these amounts are contributed to a money-purchase pension plan. As a result, there are no unfunded pension plan liabilities and no outstanding corporate obligations.

6. COMMITMENTS

The Corporation has lease commitments of $87,500 per year for the next two years.

7. RELATED PARTY TRANSACTIONS

These financial statements include routine operating transactions conducted at prevailing market prices with various Province of Manitoba departments, agencies and corporations.

Certain information as to related parties is not available by virtue of the fact that the Company conducts a substantial portion of its activities through joint ventures which are not required to report routine operating transactions with MOGC-related parties.

During 1987, the Government of Manitoba undertook a number of initiatives designed to reduce the cost of natural gas consumed by Manitobans and, related to these efforts, incurred expenses which were funded by MOGC. Consequently, included in the accounts at December 31, 1987 is an amount receivable of $889,563 representing disbursements related to natural gas activities which remain to be reimbursed by the Province.

THE PROVINCE OF MANITOBA

MANITOBA POTASH CORPORATION JOINT VENTURE

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Statement of Marketing and Consortium Development Expenditures submitted by the Department of Energy and Mines for costs incurred on behalf of the Manitoba Potash Corporation Joint Venture for the year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and included such tests and other procedures as we considered necessary.

In our opinion this statement presents fairly the expenditures incurred by the Department of Energy and Mines on behalf of the Manitoba Potash Corporation Joint Venture in accordance with the Co-ownership and Development Agreement for the year ended December 31, 1987.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

February 9, 1988,
Winnipeg, Manitoba.

THE PROVINCE OF MANITOBA

MANITOBA POTASH CORPORATION JOINT VENTURE

Statement of Marketing and Consortium Development Expenditures
For the year ended December 31, 1987

Market Development	$ 202,310
Marketing Missions	7,613
Industry Promotion	29,696
Consortium Negotiation	162,653
Transportation Studies	33,234
Operating	21,775
	$ 457,281

NOTE; This statement has been prepared using the accrual basis of accounting.

Thorne Ernst & Whinney
Chartered Accountants

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AUDITORS' REPORT

To the Shareholders of
Manitoba Properties Inc.

We have examined the balance sheet of Manitoba Properties Inc. as at January 31, 1988 and the statements of income and retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at January 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Thorne Ernst + Whinney

April 26, 1988

MANITOBA PROPERTIES INC.
(Incorporated under the laws of Canada)

BALANCE SHEET

	January 31	
	1988	1987
ASSETS		
CURRENT ASSETS		
Cash	$ 5,896	$ 14,883
Funds on deposit with the Province of Manitoba	1,240,595	869,421
Accounts receivable	5,334,439	5,254,721
Prepaid expenses	18,425	16,592
	6,599,355	6,155,617
FIXED ASSETS		
Land	57,988,293	57,988,293
Buildings	875,400,325	858,631,746
	933,388,618	916,620,039
Accumulated depreciation	62,958,053	41,073,045
	870,430,565	875,546,994
CONSTRUCTION IN PROGRESS (note 6)	233,903	8,031,379
	$ 877,263,823	$ 889,733,990
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 538,786	$ 516,013
Accrued interest payable	2,052,334	1,977,939
	2,591,120	2,493,952
NOTES PAYABLE, Province of Manitoba (note 2)	206,386,123	196,211,123
DEFERRED INCOME TAXES (note 3)	24,039,691	16,372,554
	233,016,934	215,077,629
SHAREHOLDERS' EQUITY		
Capital stock (note 4)	399,173,725	399,173,725
Contributed surplus	131,709,786	131,709,786
Retained earnings	113,363,378	143,772,850
	644,246,889	674,656,361
	$ 877,263,823	$ 889,733,990

Commitment (note 6)

APPROVED BY THE BOARD:

Curtis Director

Director

MANITOBA PROPERTIES INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended January 31	
	1988	1987
Rent revenue	$ 59,376,891	$ 58,950,506
Expenses		
Administrative	569,007	562,320
Depreciation	21,885,008	21,465,794
Interest on long-term debt	22,687,442	22,518,129
Professional fees	37,030	33,340
	45,178,487	44,579,583
Income before income taxes	14,198,404	14,370,923
Deferred income taxes	7,667,137	7,875,267
NET INCOME	6,531,267	6,495,656
Retained earnings at beginning of year	143,772,850	174,197,933
	150,304,117	180,693,589
Dividends paid on preferred shares	36,920,739	36,920,739
Dividends paid on common shares	20,000	-
RETAINED EARNINGS AT END OF YEAR	$ 113,363,378	$ 143,772,850

STATEMENT OF CONTRIBUTED SURPLUS

	Year ended January 31	
	1988	1987
Balance at beginning of year	$ 131,709,786	$ 129,853,144
Excess of consideration received over the stated value of the issued common shares	-	1,856,642
BALANCE AT END OF YEAR	$ 131,709,786	$ 131,709,786

MANITOBA PROPERTIES INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended January 31	
	1988	1987
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income	$ 6,531,267	$ 6,495,656
Items not involving cash		
Depreciation	21,885,008	21,465,794
Deferred income taxes	7,667,137	7,875,267
Change in non-cash operating working capital	15,617	(1,005,786)
	36,099,029	34,830,931
FINANCING		
Reduction of notes payable	-	(22,000)
Issue of notes payable	10,175,000	13,710,121
Issue of common shares	-	1,856,742
Dividends paid on preferred shares	(36,920,739)	(36,920,739)
Dividends paid on common shares	(20,000)	-
	(26,765,739)	(21,375,876)
INVESTMENT		
Proceeds from sale of land	-	22,000
(Increase) decrease in construction in progress	7,797,476	(8,031,379)
Additions to fixed assets	(16,768,579)	(4,674,363)
	(8,971,103)	(12,683,742)
INCREASE IN CASH POSITION	362,187	771,313
Cash position at beginning of year	884,304	112,991
CASH POSITION AT END OF YEAR	$ 1,246,491	$ 884,304

Cash position is defined as cash and funds on deposit with the Province of Manitoba.

MANITOBA PROPERTIES INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Fixed assets are recorded at cost. Depreciation on the buildings is recorded in the accounts on a straight-line basis over forty years.

Capitalization of costs

Legal costs incurred in the process of acquiring land and buildings are added to the acquisition cost of these fixed assets.

Interest costs incurred to finance construction in progress are added to the total cost of construction in progress.

2. NOTES PAYABLE, PROVINCE OF MANITOBA

	1988	1987
Notes payable, interest payable quarterly, due 1994, bearing interest at		
13%	$ 128,955,631	$ 128,955,631
10%	52,730,492	52,730,492
	181,686,123	181,686,123
Demand notes payable, interest payable quarterly, no fixed terms of repayment, bearing interest at		
10 1/2%	4,875,000	4,875,000
9 1/2%	1,450,000	-
9%	3,125,000	1,650,000
8 3/4%	2,000,000	-
8 1/2%	6,450,000	6,450,000
8 1/4%	2,450,000	-
8%	1,550,000	1,550,000
7 1/2%	1,000,000	-
7 1/4%	1,000,000	-
7%	800,000	-
	24,700,000	14,525,000
	$ 206,386,123	$ 196,211,123

3. DEFERRED INCOME TAXES

As at January 31, 1988, the company has losses carried forward of approximately $17,206,000 which are available to reduce future years' income for tax purposes. These losses will expire as follows:

1992	$ 6,650,000
1993	2,443,000
1994	4,929,000
1995	3,184,000

The potential tax benefit has been recorded in the accounts as a reduction of deferred income taxes.

4. CAPITAL STOCK

	1987	1986
Authorized		
Unlimited Cumulative, redeemable retractable preferred shares		
Unlimited Common shares		
Issued		
15,965,725 9 1/4% Cumulative, redeemable, retractable series A preferred shares	$ 399,143,125	$ 399,143,125
30,600 Common shares	30,600	30,600
	$ 399,173,725	$ 399,173,725

Each series A preferred share is retractable for the issue price of $25 per share on June 30, 1989 and is redeemable on the following basis:

June 30, 1989 to June 29, 1990	$ 26.00
June 30, 1990 to June 29, 1991	25.80
June 30, 1991 to June 29, 1992	25.60
June 30, 1992 to June 29, 1993	25.40
June 30, 1993 to June 29, 1994	25.20
June 30, 1994 on	25.00

5. RELATED PARTY TRANSACTIONS

(a) The common shares of the company are owned by two Crown corporations of the Province of Manitoba.

At January 31, 1988 registered titles to the company's properties were in the process of being transferred to the company. Until registered titles are transferred, the Province of Manitoba is holding the properties for the company pursuant to trust agreements.

(b) The company leases all of its property to the Province of Manitoba under long-term lease agreements. The lease agreements have terms of ninety-nine years and provide for the renegotiation of rental payments every five years. Under the terms of the leases the Province of Manitoba, as tenant, is responsible for all costs relating to the maintenance and repair of the properties.

(c) Excess funds are placed on deposit with the Province of Manitoba and earn interest on the same terms and conditions as the Province offers other depositors through its trust deposit facility. Interest earned on these funds is deducted from interest incurred on notes payable for construction purposes and the difference is added to construction in progress.

6. COMMITMENT

The company has contracted with the Province of Manitoba for the development of new property and has embarked upon a programme of upgrading the value of certain of the properties acquired by it from the Province of Manitoba.

To January 31, 1988, the total expenditure on these activities amounted to $16,999,567, including capitalized interest of $1,240,163, of which $1,029,888 relates to the current year. The estimated expenditure to complete these activities is approximately $49,037,000.

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Chartered Accountants

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AUDITORS' REPORT

To the Shareholder of
Manitoba Properties Leasing Inc.

We have examined the balance sheet of Manitoba Properties Leasing Inc. as at December 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles except that the investment in Manitoba Properties Inc. is not accounted for by the equity method as explained in note 1, applied on a basis consistent with that of the preceding year.

April 26, 1988

Thorne Ernst + Whinney

MANITOBA PROPERTIES LEASING INC.
(Incorporated under the laws of Canada)

BALANCE SHEET

	December 31 1987	December 31 1986
ASSETS		
Cash	$ 9,083	$ 304
Investment in Manitoba Properties Inc., a 50% owned company, 15,300 common shares	170,510,891	170,510,891
	$ 170,519,974	$ 170,511,195
LIABILITIES AND SHAREHOLDER'S EQUITY		
LIABILITIES		
Accounts payable	$ 1,000	$ 1,000
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized		
Unlimited Common shares		
Issued		
170,495,391 Common shares	170,513,381	170,513,381
Retained earnings (deficit)	5,593	(3,186)
	170,518,974	170,510,195
	$ 170,519,974	$ 170,511,195

Contingent liability (note 2)

MANITOBA PROPERTIES LEASING INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended December 31 1987	 1986
Dividend income	$ 10,000	$ -
Administrative costs	1,221	1,004
NET INCOME (LOSS)	8,779	(1,004)
Deficit at beginning of year	(3,186)	(2,182)
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	$ 5,593	$ (3,186)

MANITOBA PROPERTIES LEASING INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1987	Year ended December 31 1986
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income (loss)	$ 8,779	$ (1,004)
FINANCING		
Issue as partial consideration for purchase of 50% undivided interest in fixed assets		
Note payable	-	26,365,246
Common shares	-	65,859,943
Assumption of note payable by Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets	-	(26,365,246)
	-	65,859,943
INVESTMENTS		
Purchase of 50% undivided interest in fixed assets	-	(132,399,636)
Acquisition of 5,050 common shares of Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets	-	(65,859,943)
Sale of 50% undivided interest in fixed assets	-	132,399,636
	-	(65,859,943)
INCREASE (DECREASE) IN CASH	8,779	(1,004)
Cash at beginning of year	304	1,308
CASH AT END OF YEAR	$ 9,083	$ 304

MANITOBA PROPERTIES LEASING INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in Manitoba Properties Inc., a 50% owned company

The investment in Manitoba Properties Inc. is recorded by the cost method. Under the cost method, investments are carried at cost and earnings are reflected only to the extent of dividends received.

The Canadian Institute of Chartered Accountants has recommended that the equity method normally be used to account for investments of this type of investment. However, in this case, the shareholder has access to all pertinent information concerning the resources and results of operations of Manitoba Properties Inc. and has decided to record the investment at cost. As these financial statements have not been prepared for general purposes, some users may require further information.

In all other respects, these financial statements have been prepared in accordance with generally accepted accounting principles.

2. CONTINGENT LIABILITY

The company is contingently liable to the Province of Manitoba for the following promissory notes assumed by Manitoba Properties Inc:

Year assumed	Amount	Due date
1984	$ 128,955,631	July 31, 1994
1986	49,945,371	July 31, 1994
1986	2,785,121	July 31, 1994
	$ 181,686,123	

Thorne Ernst & Whinney
Chartered Accountants

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AUDITORS' REPORT

To the Shareholder of
Manitoba Properties Management Inc.

We have examined the balance sheet of Manitoba Properties Management Inc. as at December 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles except that the investment in Manitoba Properties Inc. is not accounted for by the equity method as explained in note 1, applied on a basis consistent with that of the preceding year.

April 26, 1988

Thorne Ernst & Whinney

MANITOBA PROPERTIES MANAGEMENT INC.
(Incorporated under the laws of Canada)

BALANCE SHEET

	December 31 1987	December 31 1986
ASSETS		
Cash	$ 9,095	$ 316
Investment in Manitoba Properties Inc., a 50% owned company, 15,300 common shares	170,510,891	170,510,891
	$ 170,519,986	$ 170,511,207
LIABILITIES AND SHAREHOLDER'S EQUITY		
LIABILITIES		
Accounts payable	$ 1,000	$ 1,000
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized		
Unlimited Common shares		
Issued		
170,495,391 Common shares	170,513,381	170,513,381
Retained earnings (deficit)	5,605	(3,174)
	170,518,986	170,510,207
	$ 170,519,986	$ 170,511,207

Contingent liability (note 2)

APPROVED BY THE BOARD:

MANITOBA PROPERTIES MANAGEMENT INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended December 31 1987	1986
Dividend income	$ 10,000	$ -
Administrative costs	1,221	992
NET INCOME (LOSS)	8,779	(992)
Deficit at beginning of year	(3,174)	(2,182)
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	$ 5,605	$ (3,174)

MANITOBA PROPERTIES MANAGEMENT INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31	
	1987	1986
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income (loss)	$ 8,779	$ (992)
FINANCING		
Issue as partial consideration for purchase of 50% undivided interest in fixed assets		
Note payable	-	26,365,246
Common shares	-	65,859,943
Assumption of note payable by Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets	-	(26,365,246)
	-	65,859,943
INVESTMENTS		
Purchase of 50% undivided interest in fixed assets	-	(132,399,636)
Acquisition of 5,050 common shares of Manitoba Properties Inc. upon sale of 50% undivided interest in fixed assets	-	(65,859,943)
Sale of 50% undivided interest in fixed assets	-	132,399,636
	-	(65,859,943)
INCREASE (DECREASE) IN CASH	8,779	(992)
Cash at beginning of year	316	1,308
CASH AT END OF YEAR	$ 9,095	$ 316

MANITOBA PROPERTIES MANAGEMENT INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in Manitoba Properties Inc., a 50% owned company

The investment in Manitoba Properties Inc. is recorded by the cost method. Under the cost method, investments are carried at cost and earnings are reflected only to the extent of dividends received.

The Canadian Institute of Chartered Accountants has recommended that the equity method normally be used to account for investments of this type of investment. However, in this case, the shareholder has access to all pertinent information concerning the resources and results of operations of Manitoba Properties Inc. and has decided to record the investment at cost. As these financial statements have not been prepared for general purposes, some users may require further information.

In all other respects, these financial statements have been prepared in accordance with generally accepted accounting principles.

2. CONTINGENT LIABILITY

The company is contingently liable to the Province of Manitoba for the following promissory notes assumed by Manitoba Properties Inc:

Year assumed	Amount	Due date
1984	$ 128,955,631	July 31, 1994
1986	49,945,371	July 31, 1994
1986	2,785,121	July 31, 1994
	$ 181,686,123	

Auditors' Report

The Board of Directors
The Manitoba Public Insurance Corporation

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1987 and the statements of operations and of deficit for the Automobile Insurance Division and the General Insurance Division and the statement of changes in cash and short-term investments for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1987 and the results of its operations and the changes in its cash and short-term investments for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements of the preceding year were examined by other chartered accountants.

Thorne Ernst & Whinney

Thorne Ernst & Whinney
Chartered Accountants
Winnipeg, Manitoba
January 8, 1988

The Manitoba Public Insurance Corporation

Balance Sheet
Assets

	October 31	
	1987	1986
	(in thousands of dollars)	
Cash and short-term investments (Note 4)	**$ 74,710**	$ 66,308
Accounts receivable (Note 5)	**35,503**	30,571
Prepaid expenses and inventories	**1,126**	1,169
Deferred premium acquisition costs	**3,378**	10,693
Investments (Schedule 2)	**281,731**	279,516
Property and equipment (Note 6)	**13,967**	12,907
Organizational costs	**4,293**	4,748
	$414,708	$405,912

Approved by the Board:

Bill

Chairperson

M McLaren

Director

Liabilities and Deficit

	October 31	
	1987	1986
	(in thousands of dollars)	
General accounts payable	$ 3,354	$ 3,391
Provision for accrued charges	21,424	18,827
	24,778	22,218
Automobile Insurance Division		
Accounts payable and accrued charges	4,671	4,807
Unearned premiums	87,351	78,489
Unpaid claims	251,588	196,648
Retained earnings (deficit)	(9,080)	52,496
	334,530	332,440
General Insurance Division		
Accounts payable and accrued charges	1,418	2,577
Unearned premiums	19,109	18,880
Unpaid claims	85,228	74,498
Deficit	(50,355)	(44,701)
	55,400	51,254
	$414,708	$405,912

Automobile Insurance Division — Statement of Operations

	Year Ended October 31	
	1987	1986
	(in thousands of dollars)	
REVENUE		
Premiums written	**$246,354**	$220,337
Premiums earned	**$237,492**	$215,003
Investment income	**36,752**	36,698
Total earned revenues	**274,244**	251,701
CLAIMS COSTS		
Claims incurred	**278,637**	219,172
Claims expense (Schedule 1)	**27,708**	25,292
	306,345	244,464
EXPENSES (Schedule 1)		
Administrative	**10,709**	9,280
Commissions	**11,531**	10,189
Premium taxes	**7,235**	6,541
	29,475	26,010
Total claims and expenses	**335,820**	270,474
LOSS FOR THE YEAR	**$ (61,576)**	$ (18,773)

General Insurance Division — Statement of Operations

	Year Ended October 31	
	1987	1986
	(in thousands of dollars)	
REVENUE		
Premiums written	$ 37,969	$ 37,050
Premiums earned	$ 37,443	$ 34,768
Investment income	3,109	3,152
Total earned revenues	40,552	37,920
CLAIMS COSTS		
Claims incurred	33,621	24,619
Claims expense (Schedule 1)	2,061	1,743
	35,682	26,362
EXPENSES (Schedule 1)		
Administrative	7,427	6,246
Commissions	6,924	6,353
Premium taxes	1,755	1,610
	16,106	14,209
Total claims and expenses	51,788	40,571
Loss before reinsurance assumed operations	(11,236)	(2,651)
Income (loss) from reinsurance assumed operations (Note 8)	5,582	(36,683)
LOSS FOR THE YEAR	$ (5,654)	$ (39,334)

Statement of Deficit

	Year Ended October 31 1987	 1986
	(in thousands of dollars)	
AUTOMOBILE INSURANCE DIVISION		
Unappropriated:		
Loss for the year	$ (61,576)	$ (18,773)
Transfer from reserve for catastrophes	42,000	—
Transfer from reserve for contingencies	700	5,300
Transfer from reserve for rate stabilization	9,796	13,473
Deficit at end of year	(9,080)	—
Appropriated:		
Reserve for catastrophes	—	42,000
Reserve for contingencies	—	700
Reserve for rate stabilization	—	9,796
	—	52,496
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	$ (9,080)	$ 52,496
GENERAL INSURANCE DIVISION		
Deficit at beginning of year	$ (44,701)	$ (5,367)
Loss for the year	(5,654)	(39,334)
DEFICIT AT END OF YEAR	$ (50,355)	$ (44,701)

Statement of Changes in Cash and Short-Term Investments

	Year Ended October 31	
	1987	1986
	(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS		
Loss for the year	$ (67,230)	$ (58,107)
Non-cash items:		
Depreciation and amortization	1,743	1,227
	(65,487)	(56,880)
INCREASE (DECREASE) IN RESOURCES		
Accounts receivable	(4,932)	(343)
Prepaid expenses and inventories	43	(135)
Deferred premium acquisition costs	7,315	(1,178)
Accounts payable and accrued charges	1,265	4,503
Unearned premiums	9,091	8,307
Unpaid claims	65,670	72,489
	78,452	83,643
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES		
Acquisition of property and equipment, net of proceeds from disposals	(2,065)	(1,865)
Decrease (increase) in investments	(2,215)	2,239
Organizational costs	(283)	(300)
	(4,563)	74
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	$ 8,402	$ 26,837
Cash and short-term investments at beginning of year	66,308	39,471
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR (Note 4)	$ 74,710	$ 66,308

Schedule of Expenses

	Year Ended October 31	
	1987	1986
	(in thousands of dollars)	
Amortization of organizational costs	**$ 738**	$ 420
Commissions	**20,626**	20,062
Data processing	**3,549**	2,732
Depreciation and amortization	**1,005**	807
Employee travel and allowances	**595**	531
Grants in lieu of taxes	**604**	583
Health and education tax	**623**	425
Premium taxes	**8,990**	8,150
Rent	**1,820**	1,417
Salaries and employee benefits	**34,735**	31,222
Other administrative expenses	**5,453**	5,500
	$ 78,738	$ 71,849
Allocation:		
Automobile Insurance Division		
Claims expense	**$ 27,708**	$ 25,292
Administrative expense	**10,709**	9,280
Commissions	**11,531**	10,189
Premium taxes	**7,235**	6,541
	57,183	51,302
General Insurance Division		
Direct, net of reinsurance ceded		
Claims expense	**2,061**	1,743
Administrative expense	**7,427**	6,246
Commissions	**6,924**	6,353
Premium taxes	**1,755**	1,610
	18,167	15,952
Reinsurance assumed (Note 8)		
Administrative expense	**1,217**	1,075
Commissions	**2,171**	3,520
	3,388	4,595
	$ 78,738	$ 71,849

Schedule of Investments as at October 31, 1987

Description of Securities	**Par Value**	**Book Value**
Federal:		
Government of Canada	$ 15,000,000	$ 14,865,000
Provincial:		
Province of Manitoba	89,148,000	88,798,000
Manitoba Hydro-Electric Board	24,502,000	23,412,000
Manitoba Telephone System	21,779,000	21,377,000
Ontario Hydro-Electric Commission	28,500,000	25,680,000
	163,929,000	159,267,000
Hospitals:		
Arborg and Districts Health Centre	1,844,000	1,844,000
Baldur Hospital District	145,000	145,000
Brandon General Hospital	1,270,000	1,261,000
Boissevain Hospital District	566,000	566,000
Boyne Valley Hostel Corporation	816,000	816,000
Carman Memorial Hospital District No. 20	2,760,000	2,760,000
Dauphin General Hospital	15,000	15,000
Deloraine Hospital District No. 14	425,000	425,000
The De Salaberry Hospital District No. 27A	137,000	137,000
Flin Flon General Hospital	420,000	420,000
Gimli Hospital District #39	338,000	338,000
Grace General Hospital	627,000	511,000
Hamiota Hospital District #7A	42,000	42,000
Health Sciences Centre	1,682,000	1,626,000
Hunter Memorial Hospital District #33	898,000	898,000
Lakeshore District Health System Inc.	2,232,000	2,232,000
Lakeshore General Hospital District No. 34-A	10,000	10,000
Lynn Lake Hospital District No. 38	46,000	46,000
MacGregor Personal Care Home	66,000	66,000
Manitoba Hospital Capital Financing Authority	3,033,000	3,033,000
Misericordia General Hospital	418,000	418,000
Morden Hospital District #21	421,000	421,000
Neepawa Hospital District #9	217,000	217,000
Park Manor Personal Care Home Inc.	102,000	102,000
Pine Falls General Hospital	195,000	195,000
Portage Hospital District #18	360,000	360,000
Red River Valley Health District	343,000	343,000
Roblin Health Centre District	576,000	576,000
Rossburn Personal Care Home Inc.	286,000	286,000
Russell Hospital District #8	280,000	280,000
St. Anthony's General Hospital — The Pas	420,000	420,000
St. Boniface General Hospital	35,000	30,000
Ste. Anne Hospital District No. 26A	1,527,000	1,527,000
Ste. Rose General Hospital	378,000	378,000

Schedule of Investments as at October 31, 1987 continued

Description of Securities	Par Value	Book Value
Seven Oaks General Hospital	$ 2,630,000	$ 2,260,000
Steinbach Hospital District #27	52,000	44,000
Swan River Hospital District #1	283,000	283,000
Thompson General Hospital	1,084,000	1,066,000
Tri-Lake Hospital District #15	35,000	35,000
Victoria General Hospital	2,142,000	2,132,000
Victoria South Norfolk-Treherne Hospital District #19	127,000	127,000
Winkler General Hospital	50,000	50,000
Winkler Hospital District No. 23	250,000	250,000
Winnipeg General Hospital	38,000	35,000
Winnipegosis General Hospital Inc.	140,000	140,000
Baldur Manor	257,000	257,000
Betel Home Foundation — Gimli	66,000	66,000
Betel Home Foundation — Selkirk	291,000	291,000
Bethania Mennonite Personal Care Home Inc.	25,000	25,000
Birtle Health Services District	367,000	367,000
Dauphin Personal Care Home Inc.	299,000	299,000
Ebenezer Home For The Aged	435,000	435,000
Fairview Home Inc.	11,000	11,000
Flin Flon Personal Care Home Corp.	770,000	770,000
Goodwin Lodge Inc.	55,000	55,000
Holy Family Nursing Home — Sister Servants of Mary Immaculate	563,000	563,000
Lorne Memorial Medical Nursing Unit No. 19C	62,000	62,000
McCreary/Alonsa Health Centre	83,000	83,000
Manoir De Ste. Claude	128,000	128,000
Mount Carmel Clinic	1,580,000	1,580,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	225,000	225,000
Odd Fellows and Rebekahs Personal Care Home Inc.	205,000	205,000
Pinaow Wachi Inc.	120,000	120,000
Riverdale Health Services District	101,000	101,000
Riverdale Personal Care Home	88,000	88,000
Rock Lake Health District	775,000	775,000
Rock Lake Personal Care Home Inc.	190,000	190,000
Rosewood Lodge Inc.	32,000	32,000
Rossburn District Health Centre	555,000	555,000
St. Joseph's Residence	637,000	637,000
Shoal Lake/Strathclair Health Centre	134,000	134,000
Sister Servants of Mary Immaculate — St. Paul's Home	26,000	26,000
Snow Lake Medical Nursing Unit District #40	537,000	537,000
Stonewall & District Health Centre	199,000	199,000
Tabor Senior Citizens Home Inc.	528,000	528,000
Tache Nursing Centre	726,000	726,000
The Pas Health Complex Inc. — St. Paul's Residence	317,000	317,000
The Pas Health Complex Inc. — St. Anthony's General Hospital	439,000	439,000
Third Crossing Manor Inc.	64,000	64,000

Schedule of Investments as as October 31, 1987 continued

Description of Securities	**Par Value**	**Book Value**
Wawanesa & District Health Centre	$ 26,000	$ 26,000
Wawanesa Personal Care Home	215,000	215,000
Winnipeg Presbytery Society For Senior Citizens Homes In Winnipeg	20,000	20,000
Winnipegosis-Mossy River Personal Care Home Inc.	298,000	298,000
Whitemouth Medical Nursing Unit District #29A	134,000	134,000
	41,344,000	40,749,000
Schools:		
The Agassiz School Division #13	925,000	925,000
Antler River School Division No. 43	108,000	108,000
Assiniboine South School Division No. 3	709,000	709,000
Beautiful Plains School Division No. 31	55,000	55,000
Bird Tail River School Division No. 38	550,000	550,000
Brandon School Division #40	1,455,000	1,455,000
Churchill School District No. 2264	47,000	47,000
Dauphin-Ochre School Area #1	1,617,000	1,617,000
Duck Mountain School Division #34	760,000	760,000
Flin Flon School Division #46	564,000	564,000
Fort Garry School Division No. 5	493,000	493,000
Frontier School Division No. 48	151,000	151,000
Garden Valley School Division No. 26	2,133,000	2,133,000
Hanover School Division #15	1,340,000	1,340,000
Interlake School Division #21	632,000	632,000
Lakeshore School Division No. 23	325,000	325,000
Leaf Rapids School Division #2460	231,000	231,000
Lord Selkirk School Division No. 11	2,050,000	2,050,000
Midland School Division No. 25	188,000	188,000
Morris-MacDonald School Division No. 19	276,000	276,000
Mountain School Division No. 28	585,000	585,000
Mystery Lake School District No. 2355	1,478,000	1,478,000
Norwood School Division No. 8	148,000	148,000
Pelly Trail School Division No. 37	393,000	393,000
Portage la Prairie School Division #24	1,635,000	1,635,000
Rhineland School Division #18	189,000	189,000
River East School Division #9	4,704,000	4,704,000
Rolling River School Division #39	565,000	565,000
St. Boniface School Division No. 4	270,000	270,000
St. James-Assiniboia School Division #2	299,000	299,000
St. Vital School Division #6	2,151,000	2,151,000
Seine River School Division #14	1,605,000	1,605,000
Seven Oaks School Division #10	209,000	209,000
Souris Valley School Division No. 42	189,000	189,000
South Winnipeg Technical Centre	856,000	856,000
South Winnipeg Vocational Education Centre	950,000	950,000
Swan Valley School Division #35	268,000	268,000

Schedule of Investments as at October 31, 1987 continued

Description of Securities	Par Value	Book Value
Tiger Hills School Division #29	$ 847,000	$ 847,000
Transcona School Division #12	236,000	236,000
Western School Division #47	102,000	102,000
Winnipeg School Division No. 1	5,638,000	5,638,000
The White Horse Plain School Division #20	585,000	585,000
	38,511,000	38,511,000
Municipal:		
City of Brandon	1,527,000	1,463,000
City of Flin Flon	1,620,000	1,620,000
City of Portage la Prairie	3,571,000	3,551,000
City of St. Vital	27,000	24,000
City of Transcona	70,000	63,000
City of Winnipeg	6,896,000	6,712,000
Metro Corp. of Greater Winnipeg	491,000	418,000
Town of Altona	496,000	496,000
Town of Birtle	119,000	118,000
Town of Boissevain	22,000	21,000
Town of Carman	468,000	468,000
Town of Dauphin	811,000	811,000
Town of Deloraine	491,000	491,000
Town of Emerson	304,000	304,000
Town of Gimli	112,000	112,000
Town of Gladstone	212,000	212,000
Town of Grandview	249,000	249,000
Town of Hartney	4,000	4,000
Town of Killarney	250,000	250,000
Town of Melita	292,000	292,000
Town of Minnedosa	155,000	150,000
Town of Morden	318,000	318,000
Town of Morris	239,000	239,000
Town of Neepawa	342,000	342,000
Town of Rapid City	103,000	103,000
Town of Rivers	45,000	40,000
Town of Roblin	188,000	188,000
Town of Russell	339,000	339,000
Town of Selkirk	332,000	332,000
Town of Snow Lake	78,000	78,000
Town of Steinbach	1,114,000	1,111,000
Town of Stonewall	259,000	259,000
Town of Swan River	376,000	376,000
Town of Tuxedo	50,000	46,000
Town of Virden	200,000	200,000
Town of Winnipeg Beach	47,000	47,000
Village of Arborg	69,000	69,000

Schedule of Investments as at October 31, 1987 continued

Description of Securities	Par Value	Book Value
Village of Benito	$ 39,000	$ 39,000
Village of Binscarth	72,000	72,000
Village of Ethelbert	10,000	10,000
Village of Glenboro	3,000	3,000
Village of Gretna	18,000	18,000
Village of Hamiota	26,000	26,000
Village of Lac du Bonnet	137,000	137,000
Village of MacGregor	53,000	53,000
Village of Manitou	127,000	127,000
Village of Pilot Mound	89,000	89,000
Village of Riverton	7,000	7,000
Village of Rossburn	49,000	49,000
Village of Shoal Lake	146,000	146,000
Village of Somerset	102,000	102,000
Village of Ste. Anne	5,000	5,000
Village of St. Pierre-Jolys	281,000	281,000
Village of Teulon	33,000	33,000
Village of Winnipegosis	30,000	30,000
Rural Municipality of Argyle	34,000	34,000
Rural Municipality of Brenda	50,000	50,000
Rural Municipality of Brokenhead	232,000	232,000
Rural Municipality of Cartier	8,000	8,000
Rural Municipality of Charleswood	8,000	7,000
Rural Municipality of Edward	116,000	116,000
Rural Municipality of Hanover	223,000	223,000
Rural Municipality of La Broquerie	22,000	22,000
Rural Municipality of MacDonald	328,000	328,000
Rural Municipality of Montcalm	164,000	164,000
Rural Municipality of Morris	541,000	541,000
Rural Municipality of Pipestone	10,000	10,000
Rural Municipality of North Norfolk	138,000	138,000
Rural Municipality of Ritchot	371,000	371,000
Rural Municipality of Rockwood	97,000	97,000
Rural Municipality of Roland	114,000	114,000
Rural Municipality of Ste. Rose	16,000	16,000
Rural Municipality of Siglunes	144,000	144,000
Rural Municipality of Springfield	23,000	23,000
Rural Municipality of Tache	20,000	20,000
Rural Municipality of Thompson	32,000	32,000
Rural Municipality of Victoria Beach	34,000	34,000
Rural Municipality of Whitewater	15,000	15,000
Local Government District of Consol	362,000	362,000
Local Government District of Leaf Rapids	2,095,000	2,095,000
	28,710,000	28,339,000
	$287,494,000	$281,731,000

Notes to Financial Statements October 31, 1987

1. STATUS OF THE CORPORATION

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180, of the continuing consolidation of the statutes of Manitoba).

Under the provisions of its Act, the Corporation operates an automobile insurance division and a general insurance division. The automobile insurance division provides universal compulsory automobile insurance and extension coverage sold in accordance with rates prescribed in the regulations. The general insurance division insures such risks as personal property, commercial property, liability, and special risk extension coverage. For financial accounting purposes, the automobile insurance division and the general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 37(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs

Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments

Investments are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the investment.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates which will amortize the cost of each asset over its estimated useful life at the following annual rates:

Buildings	2.5%
Equipment	10.0%
Data processing equipment	20.0%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Organizational Costs

The costs of organizing or re-organizing major computer programs which are expected to be of continuing benefit to the Corporation are deferred to future periods. These organizational and computer program expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis at the rate of 5% per year.

Pension Plan

The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the full funding of the employer's future pension liability calculated on an indexed basis, based on the most recent actuarial valuation at December 31, 1986.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Unpaid Claims

Unpaid claims include a provision for reported unpaid claims, an estimate for unreported claims and a provision for claims adjusting costs for reported and unreported claims.

Premium Deficiencies

A premium deficiency exists when future claims and expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Notes to Financial Statements (continued)

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (continued)

Claims expense and expenses are allocated to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is impracticable, expenses are prorated to each division based on factors such as space, number of employees, time usage, etc. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

The Corporation's financial statements are prepared net of ceded reinsurance.

4. *CASH AND SHORT-TERM INVESTMENTS*

	1987	1986
	(thousands of $)	
Cash and short-term certificates	**$67,349**	$50,552
Investments maturing within one year	**7,361**	15,756
	$74,710	$66,308

At October 31, 1987 the Corporation has committed $9.9 million (1986 — $8.8 million) for the purchase of various Manitoba long term securities.

5. *ACCOUNTS RECEIVABLE*

	1987		1986	
	Subrogation	Other	Subrogation	Other
		(thousands of $)		
Accounts receivable	$11,080	$32,277	$ 9,806	$27,514
Less allowance for doubtful accounts	5,962	1,892	5,731	1,018
	$ 5,118	$30,385	$ 4,075	$26,496

6. *PROPERTY AND EQUIPMENT*

	1987			1986
	Cost	Accumulated Depreciation and Amortization	Net	Net
		(thousands of $)		
Land	$ 3,210	$ —	$ 3,210	$ 2,947
Buildings	9,859	1,882	7,977	7,741
Equipment	4,779	2,458	2,321	1,641
	17,848	4,340	13,508	12,329
Leasehold improvements	1,403	944	459	578
	$19,251	$5,284	$13,967	$12,907

7. *REINSURANCE*

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at October 31, 1987, these reinsurance arrangements limit the Corporation's exposure to a maximum amount of $1,000,000 on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $2,350,000. These arrangements protect the Corporation against losses up to $40,000,000 for the Automobile Insurance Division and $10,000,000 for the General Insurance Division.

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policy holders remains with the Corporation.

8. *INCOME (LOSS) FROM REINSURANCE ASSUMED OPERATIONS*

The Corporation underwrote a portfolio of assumed reinsurance, which accepted a portion of the risk of other insurers. For the year ended October 31, 1987 the results are:

	1987	1986
	(thousands of $)	
Premiums written	**$15,709**	$18,096
Premiums earned	**$16,008**	$17,406
Investment income	**2,246**	2,023
Total earned revenues	**18,254**	19,429
Claims incurred	**9,284**	51,517
Administrative expenses	**1,217**	1,075
Commissions	**2,171**	3,520
Total claims and expenses	**12,672**	56,112
Income (loss) from reinsurance assumed operations	**$ 5,582**	$(36,683)

Effective November 18, 1987 the Corporation discontinued writing reinsurance assumed business. Claims costs and expenses will continue to be incurred until all claims on existing treaties are settled. In addition, premiums relating to the assumed business will be reflected in operations as they are earned.

Manitoba

THE MANITOBA RESEARCH COUNCIL

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Manitoba Research Council for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Research Council as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

June 22, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA RESEARCH COUNCIL

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
A S S E T S		
Current:		
Cash	$ 5,500	$ 5,500
Funds on deposit with the Minister of Finance:		
Trust accounts	396,674	331,821
Term deposits	1,348,892	1,416,628
	1,745,566	1,748,449
Accounts receivable and prepaid expenses:		
Government of the Province of Manitoba	20,549	250,019
Government of Canada	61,917	85,842
Other	296,767	403,212
	379,233	739,073
Less: allowance for doubtful accounts	33,394	13,437
	345,839	725,636
	2,096,905	2,479,585
Fixed: at cost (Notes 2 and 3)	7,779,579	7,456,631
	$ 9,876,484	$ 9,936,216
LIABILITIES AND FUND BALANCES		
Current:		
Accounts payable	$ 384,467	$ 509,032
Advances on contracts	1,410	81,181
	385,877	590,213
Loan payable (Note 5)	80,546	90,306
	466,423	680,519
Unexpended funds, Exhibit B	1,630,482	1,799,066
Investment in fixed assets (Note 2)	7,779,579	7,456,631
	$ 9,876,484	$ 9,936,216

EXHIBIT B

THE MANITOBA RESEARCH COUNCIL

Statement of Revenue and Expenditure and Unexpended Funds
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Grants from the Government of the Province of Manitoba	$ 2,917,900	$ 2,957,000
Contracts	2,240,073	2,330,778
Interest	115,582	77,033
Sundry revenue	34,517	-
Total revenue	5,308,072	5,364,811
Expenditure, Schedule 1:		
Operating	4,967,723	4,679,098
Capital	508,933	541,520
Total expenditure	5,476,656	5,220,618
Excess (deficiency) of revenue over expenditure	(168,584)	144,193
Balance of unexpended funds at beginning of year:		
As previously reported	1,841,209	1,670,872
Adjustment of prior period expenses (Note 6)	(42,143)	(15,999)
As restated	1,799,066	1,654,873
Unexpended funds at end of year	$ 1,630,482	$ 1,799,066

SCHEDULE 1

THE MANITOBA RESEARCH COUNCIL

Schedule of Expenditures
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Expenditures:		
Operating: (Note 4)		
Advertising and promotion	$ 65,448	$ 11,935
Bad debts	14,498	14,386
Building maintenance and repair	62,070	63,298
Computer related expenses	113,593	123,673
Equipment-rentals, maintenance and repair	97,529	38,475
Fees-memberships, seminars, customs and audit	109,126	110,815
Heating, utilities and taxes	153,386	154,043
Interest on loan	12,507	13,821
Laboratory supplies	249,686	233,833
Library - consultants and publications	72,136	75,736
Miscellaneous	1,642	182
Postage and telephone	101,027	110,637
Printing and stationery supplies	75,944	83,864
Purchased testing services	147,059	125,571
Real estate rental	213,778	156,660
Salaries and employee benefits	3,313,577	3,202,463
Staff transfer and relocation costs	15,467	7,067
Travel and transportation	149,250	152,639
	4,967,723	4,679,098
Capital:		
Equipment and furnishings	508,933	541,520
Total expenditures, Exhibit B	$ 5,476,656	$ 5,220,618

THE MANITOBA RESEARCH COUNCIL

Notes to Financial Statements
for the year ended March 31, 1988

1. Nature of Operations

The Manitoba Research Council was established in 1963 with the following objectives:

a) to promote and carry on research and scientific enquiries respecting agriculture, natural resources, industry or other segments of the economy of the province; and

b) to secure for Manitoba the benefits of research and scientific enquiries carried on elsewhere.

The Manitoba Research Council operates two laboratory facilities, the Canadian Food Products Development Centre in Portage la Prairie and the Industrial Technology Centre in Winnipeg.

2. Significant Accounting Policies

These statements are prepared on an accrual basis of accounting except:

a) Contract revenue is recognized when billed. Billings are made as work is completed during the project.

b) Fixed assets are charged to operating expenditures in the year of acquisition.

The balance sheet reflects fixed assets at cost with a corresponding credit to "Investment in fixed assets". The Council's policy is to remove the cost of all physical assets from the accounts which have:

- become obsolete during the year,
- been sold or otherwise disposed of during the year, or
- in the case of leasehold improvements, a full write-off will be recorded at the termination of the lease period.

c) Certain general and administrative services are provided by the Province of Manitoba at no cost to the Council (Note 4).

THE MANITOBA RESEARCH COUNCIL

Notes to Financial Statements
for the year ended March 31, 1988

3. Fixed Assets

	Balance March 31\87	Acquisitions	Deletions	Balance March 31\88
Automobiles	$ 30,000	$	$ -	$ 30,000
Building	80,000	-	-	80,000
Equipment	6,585,067	505,915	185,985	6,904,997
Furniture and fixtures	369,599	3,018	-	372,617
Leasehold improvements	391,965	-		391,965
	$ 7,456,631	$ 508,933	$ 185,985	$ 7,779,579

During 1986, the building and associated land owned by The Manitoba Research Council for the Canadian Food Products Development Centre facility were transferred to Manitoba Properties Inc. The Council retains the use of these buildings and continues to pay the related operating costs exclusive of rent which is paid from an appropriation of the Government of the Province of Manitoba. This transfer was reflected by a reduction in fixed assets and investment in fixed assets of $1,202,321.

The building recorded in the amount of $80,000 is located on land leased from the City of Winnipeg. The lease expires December 31, 1988, with the building then reverting to the City of Winnipeg unless other action is taken by the Council prior to that date.

4. Administrative Expenditures

The Department of Industry, Trade and Technology incurs certain general and administrative expenses on behalf of the Council which are estimated to be $13,600 for 1988 (1987 - $37,500).

5. Loan Payable

During fiscal year 1983/84, certain improvements were made to the facilities of the Industrial Technology Centre at a cost of $117,000. The cost was financed by way of a loan repayable over ten years in equal monthly installments of $1,855.63 including principal and interest. As at March 31, 1988, the outstanding loan principle amount was $80,546.

6. Adjustment of Prior Years' Expenses

The Council has retroactively initiated additional accruals for costs in order to comply more fully with the recommendations of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants.

As a result, the balance of unexpended funds at April 1, 1987 has been adjusted by the cumulative amount of $42,143 by which these expenses as at that date have increased; $26,144 of the amount is applicable to the year ended March 31, 1987 and has been included in expenditures for that year. The remainder of $15,999 is applicable to years prior to April 1, 1986 and the balance of unexpended funds at that date has been adjusted accordingly.

THE MANITOBA TELEPHONE SYSTEM

Auditor's Report

To the Board of Commissioners,
The Manitoba Telephone System

We have examined the balance sheet of The Manitoba Telephone System (a Manitoba corporation) as at December 31, 1987 and the statements of operations and reinvested earnings and changes in financial position for the nine month period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1987 and the results of its operations and the changes in its financial position for the nine month period then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Touche Ross & Co.

Chartered Accountants

Winnipeg Manitoba
February 26, 1988

THE MANITOBA TELEPHONE SYSTEM

STATEMENT I

BALANCE SHEET AS AT DECEMBER 31, 1987

ASSETS

	December 31, 1987	March 31, 1987
	(in Thousands of Dollars)	
TELECOMMUNICATIONS PROPERTY		
Buildings, plant and equipment	**$1,393,257**	$1,319,590
Less accumulated depreciation	**692,406**	642,123
	700,851	677,467
Land	**5,952**	6,018
Plant under construction	**49,032**	36,756
Materials and supplies, at cost	**20,496**	17,462
	776,331	737,703
INVESTMENTS (Note 3)	**999**	999
INVESTMENTS HELD FOR PENSION OBLIGATIONS (Note 10)	**65,349**	52,251
CURRENT ASSETS		
Short term investments	**41,612**	48,172
Accounts receivable (Note 4)	**53,124**	44,110
Prepayments	**7,597**	5,035
	102,333	97,317
DEFERRED CHARGES		
Unrealized foreign currency losses, net of amortization	**30,582**	20,466
Unamortized long-term debt costs	**4,513**	4,789
Preliminary engineering and miscellaneous	**2,638**	3,241
Deferred employee benefit costs, net of amortization	**1,766**	2,078
	39,499	30,574
	$ 984,511	$ 918,844

Approved on behalf of the Board

Chairperson

Commissioner

See accompanying notes to financial statements.

THE MANITOBA TELEPHONE SYSTEM

STATEMENT I

BALANCE SHEET AS AT DECEMBER 31, 1987

LIABILITIES AND REINVESTED EARNINGS

	December 31, 1987	March 31, 1987
	(in Thousands of Dollars)	
DEBT		
Long-term debt (Note 11)	**$ 804,055**	$ 753,325
Less sinking fund investments (Notes 5 and 11)	**57,144**	51,013
	746,911	702,312
DEFERRED EMPLOYEE BENEFITS (Note 10)	**80,691**	66,967
NOTES PAYABLE	**5,000**	5,000
CURRENT LIABILITIES		
Outstanding cheques less cash in bank	**2,783**	817
Accounts payable and accrued liabilities	**49,525**	51,068
Advance billings and payments	**5,002**	4,137
Accrued interest	**22,689**	20,980
	79,999	77,002
	912,601	851,281
REINVESTED EARNINGS	**71,910**	67,563
	$ 984,511	$ 918,844

THE MANITOBA TELEPHONE SYSTEM

STATEMENT II

STATEMENT OF OPERATIONS AND REINVESTED EARNINGS FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 1987

	9 Months Ended December 31, 1987 (Note 2)	12 Months Ended March 31, 1987
	(in Thousands of Dollars)	
OPERATING REVENUES		
Long distance service	**$169,867**	$211,717
Local service	**116,532**	138,508
Miscellaneous (Note 6)	**23,929**	29,094
	310,328	379,319
OPERATING EXPENSES		
Operations and administration	**123,120**	160,789
General	**33,814**	41,935
Depreciation	**93,994**	113,574
Operating taxes (Note 7)	**6,771**	8,636
	257,699	324,934
NET OPERATING REVENUES	**52,629**	54,385
OTHER REVENUES (Note 8)	**14,133**	16,751
NET REVENUES BEFORE DEBT CHARGES	**66,762**	71,136
DEBT CHARGES (Note 9)	**64,815**	91,127
NET REVENUES (LOSS) FOR THE PERIOD	**1,947**	(19,991)
REINVESTMENT EARNINGS, AT BEGINNING OF PERIOD AS PREVIOUSLY REPORTED	**67,563**	87,554
Adjustment of prior years sinking fund earnings (Note 5)	**2,400**	—
As restated	**69,963**	87,554
REINVESTED EARNINGS, AT END OF PERIOD	**$ 71,910**	$ 67,563

See accompanying notes to financial statements.

THE MANITOBA TELEPHONE SYSTEM

STATEMENT III

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 1987

	9 Months Ended December 31, 1987	12 Months Ended March 31, 1987
	(Note 2) (in Thousands of Dollars)	
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
From operations		
Net revenues (loss) for the period	**$ 1,947**	$(19,991)
Cash used by changes in working capital	**(10,545)**	(306)
Add: Depreciation and other items not requiring cash (net)	**112,208**	118,098
Payments toward deferred employee benefits	**(1,068)**	(1,019)
Total cash provided by operating activities	**102,542**	96,782
CASH PROVIDED BY (USED FOR) FINANCIAL ACTIVITIES		
Issuance of long-term debt	**100,000**	217,192
Repayment of bonds and advances	**(65,000)**	(131,329)
Total cash provided by financial activities	**35,000**	85,863
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES		
Construction program expenditures (net)	**(129,533)**	(160,740)
Decrease in investments held for foreign exchange obligations	**—**	38,235
Sinking fund withdrawals	**3,600**	10,058
Increase in investments held for pension obligations	**(13,098)**	(20,236)
Contribution to sinking fund	**(7,037)**	(8,584)
Total cash (used by) investment activities	**(146,068)**	(141,267)
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	**(8,526)**	41,378
CASH AND SHORT TERM INVESTMENTS, AT BEGINNING OF PERIOD	**47,355**	5,977
CASH AND SHORT TERM INVESTMENTS, AT END OF PERIOD	**$ 38,829**	$ 47,355

See accompanying notes to financial statements.

THE MANITOBA TELEPHONE SYSTEM

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a. General

The Manitoba Telephone System is incorporated by virtue of the provisions of The Manitoba Telephone Act, as a Crown Corporation of The Province of Manitoba.

The Manitoba Telephone System follows accounting practices similar to those used by other Telecom Canada members.

b. Telecommunications property

Telecommunications property is recorded at original cost including materials, direct labour and overhead costs which vary with the level of construction. In addition, the System includes the cost of funds used to finance the construction, based on the duration of the projects.

c. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of telecommunications property by applying rates which are based on a continuing program of engineering studies.

When depreciable telephone property is retired, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation.

d. Translation of foreign currencies

Foreign currencies have been translated into Canadian funds at rates of exchange on the following basis:

i) long-term debt at rates prevailing at year end;
ii) accrued interest at rates prevailing at year end;
iii) debt charge at rates prevailing at the date of each transaction.

The unrealized gains and losses resulting from the policy of using rates prevailing at year-end is being amortized over the remaining term of the debt on a straight-line basis.

e. Deferred employee benefits

The deferred employee benefit liability represents a sick leave vesting (SLV) plan and pension provisions. The method of recording the pension plan expense is described in Note 10. The initial cost of the SLV plan, which became effective June 1, 1977, is being amortized on a straight-line basis over fifteen years. The annual sick leave entitlements subsequent to June 1, 1977 are being accrued and charged to expense in the year to which they relate. Payments to employees on termination are being charged to the deferred liability.

f. Amortization of bond discounts in sinking fund investments

Bond discounts arising from the purchase of bonds below face value are amortized over the remaining life of the bond.

g. Amortization of long term debt costs

Costs associated with the issuance of long term debt are being deferred and amortized over the term of the original issue.

2. CHANGE IN YEAR-END

In accordance with Order-In-Council 1197/87, dated October 14, 1987, the fiscal year-end of the Manitoba Telephone System was fixed at December 31 in each year. Because of this change, the related statements of operations and reinvested earnings and changes in financial position are for a nine-month period.

3. INVESTMENTS

	December 31 1987	**March 31 1987**
	(in Thousands of Dollars)	
Telesat Canada 99,000 common shares, at cost	**$999**	$999

4. DUE FROM SUBSIDIARY

Included in accounts receivable is a balance of $509,000, due from MTX Telecom Services, Inc. (MTX), a wholly owned subsidiary. This amount represents the net assets of MTX as of December 31, 1987.

5. ADJUSTMENT OF PRIOR YEARS SINKING FUND EARNINGS

Effective April 1, 1987, the Manitoba Telephone System adopted on a retroactive basis the policy of amortizing bond discounts arising from the purchase of bonds below face value. The financial statements have not been restated for comparative purposes for the year ended March 31, 1987. As a result of this change, Sinking Fund Investments have been written up by $2,695,000. This retroactive adjustment resulted in a cumulative increase in opening reinvested earnings of $2,400,000. Amortization for the nine-month period was $295,000.

6. MISCELLANEOUS OPERATING REVENUES

	9 Months Ended December 31, 1987	**12 Months Ended March 31, 1987**
	(in Thousands of Dollars)	
Miscellaneous operating revenue includes:		
Directory advertising	**$17,462**	$20,829
Rentals and attachments	**4,969**	6,091
Other	**1,498**	2,174
	$23,929	$29,094

7. OPERATING TAXES

This category represents grants to municipalities in lieu of property taxes, the Manitoba Telephone System's portion of Canada Pension Plan and Unemployment Insurance, the Health and Education Levy and general levies.

8. OTHER REVENUES

	9 Months Ended December 31, 1987	**12 Months Ended March 31, 1987**
	(in Thousands of Dollars)	
Other revenues include:		
Interest earned on investments	**$10,396**	$12,091
Surcharge on overdue accounts	**1,605**	1,983
Interest charged to construction	**1,051**	834
Miscellaneous, net	**1,081**	1,843
	$14,133	$16,751

9. DEBT CHARGES

	9 Months Ended December 31, 1987	**12 Months Ended March 31, 1987**
	(in Thousands of Dollars)	
Debt charges include:		
Interest on long-term debt	**$57,550**	$71,979
Amortization of unrealized foreign currency losses	**5,866**	2,902
Realized loss on foreign currency	**—**	14,350
Amortization of long-term debt costs	**652**	970
Other interest expense and debt charges	**747**	926
	$64,815	$91,127

10. PENSIONS

a. *Pension expense*

Employees of the Manitoba Telephone System are pensionable under the Civil Service Superannuation Fund (the Fund) and make contributions to the Fund at prescribed rates. The Manitoba Telephone System is required to pay 50% of the pension disbursements made to retired employees. These pension payments are charged to general, operations and administrative expenses in the year of the disbursements. For the nine-month period ended December 31, 1987, the Manitoba Telephone System charged $5,051,000 to expenses as a result of such disbursements.

10. PENSIONS (Continued)

In addition, during the period ended December 31, 1987 the Board of Commissioners has approved contributions of $13,098,000 to an investment fund for future pension obligations, of which $11,058,000 has been charged to pension expenses. Accordingly, the total charge to expense for pensions for the nine-month period ended December 31, 1987 is $16,109,000 (12 months ended March 31, 1987 - $22,290,000).

b. Investments held for pension obligations

Investments held for pension obligations are recorded at cost, unless there is a permanent impairment in the value of the investments. The total cost of the investments held at December 31, 1987 was $65,349,000 (market value - $61,229,000). The investments are administered by external investment managers.

c. Pension liability

Based on a formula contained in an actuarial report prepared as of December 31, 1986, the Manitoba Telephone System has a total liability for pension obligations as at December 31, 1987 of approximately $207,000,000. This liability is based on the assumption that future pensions will be increased due to increases in the cost of living.

d. Deferred employee benefits

Obligations for pensions and vested sick leave have been recorded on the balance sheet as follows:

	December 31, 1987	**March 31, 1987**
	(in Thousands of Dollars)	
Pensions	**$65,349**	$52,251
Vested sick leave	**15,342**	14,716
	$80,691	$66,967

Manitoba

THE MANITOBA TRADING CORPORATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Trading Corporation for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policy stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

August 31, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE MANITOBA TRADING CORPORATION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
A S S E T S		
Cash on deposit with Minister of Finance	$ 503,910	$ 505,365
Accounts receivable - Trade	1,705	-
	$ 505,615	$ 505,365
L I A B I L I T I E S		
Non-interest bearing advances from the Government of the Province of Manitoba for working capital	$ 500,000	$ 500,000
Funds available for future operations:		
Balance at beginning of year	5,365	5,365
Revenue over expenditure, Exhibit B	250	-
Balance at end of year	5,615	5,365
	$ 505,615	$ 505,365

EXHIBIT B

THE MANITOBA TRADING CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
REVENUE:		
Participation Fees re Agritechnica '87	$ 7,700	$ -
Expense Recoveries re Agritechnica '87 from Industry, Trade & Technology	3,124	-
VAT Refund from the Federal Republic of Germany	1,705	-
	12,529	-
EXPENDITURE:		
Display Rental and Expenses in Germany re Agritechnica '87	$ 12,279	$ -
REVENUE OVER EXPENDITURE, - EXHIBIT A	$ 250	$ -

THE MANITOBA TRADING CORPORATION

Notes to Financial Statements
as at March 31, 1988

1. Status and Nature of the Corporation

The Manitoba Trading Corporation was formed by an Act of Legislation in 1974. The mandates of the Corporation are to encourage, develop and increase Manitoba exports and trade; and to provide short-term financing to Manitoba Corporations engaging in export transactions.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Corporation:

a) The accrual basis of accounting is used in the preparation of these financial statements, except for interest on accounts receivable which is recorded on a cash basis.

b) Administrative expenditures are funded from an appropriation of the Department of Industry, Trade and Technology. The value of these has not been estimated and is not reflected is the financial statements.

Manitoba

THE MANITOBA TRAINING ADVISORY COUNCIL INC.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Manitoba Training Advisory Council Inc. for the period ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Training Advisory Council Inc. as at March 31, 1988 and the results of its operations for the period then ended in accordance with the accounting policies stated in note 2 to the financial statements.

Fred H. Jackson

F. H. Jackson, CA
Provincial Auditor

April 20, 1988
Winnipeg, Manitoba

Exhibit A

MANITOBA TRAINING ADVISORY COUNCIL INC.

Balance Sheet
as at March 31, 1988

Assets

Current Assets:	
Cash on hand and in bank	$43,984
Accounts receivable	337
Balance of grant receivable from the Government of the Province of Manitoba	351
	44,672
Fixed Assets, at cost (Notes 2(b),6):	
Furniture and equipment	$19,509
Leasehold improvements	7,493
	27,002
	$71,674

Liabilities

Current Liabilities:	
Accounts payable	$ 763
	763

Shareholder's Equity

Capital Stock:	
Authorized - unlimited number of common shares without maximum consideration	
Issued and fully paid - 1 share at $1	$ 1
Funds Retained for Working Capital and Future Operations:	
Excess of revenues over expenditures, Exhibit B	43,908
Investment in fixed assets (Note 2(b)):	27,002
	70,911
	$71,674

Exhibit B

MANITOBA TRAINING ADVISORY COUNCIL INC.

Statement of Revenues and Expenditures
for the period August 5, 1987 to March 31, 1988

Revenues:	
Government of the Province of Manitoba:	
Grants	$161,400
Other payments (Note 3)	20,000
	181,400
Expenditures:	
Board meetings and expenses	1,218
Equipment and furnishings	19,509
Equipment rental	193
Incorporation fees	241
Leasehold improvements	7,493
Miscellaneous	914
Office space	9,500
Office supplies, printing and postage	7,169
Professional fees	3,150
Salaries and benefits (Note 5)	76,445
Staff recruitment and development	7,809
Staff travel and expenses	2,363
Telephone	1,488
	137,492
Excess of revenues over expenditures, Exhibit A	$ 43,908

MANITOBA TRAINING ADVISORY COUNCIL INC.

Notes to Financial Statements
March 31, 1988

1. Incorporation and Function:

The Manitoba Training Advisory Council Inc. was incorporated under The Corporations Act as a share capital corporation on August 5, 1987. The issued share is owned by the Province of Manitoba as represented by the Minister of Employment Services and Economic Security. The Council was established as a condition of the Canada/Manitoba Agreement on Training, to

a) plan and secure training related to the needs of the Manitoba and Canada labour markets;

b) advise Manitoba and Canada on the nature and level of the funding and purchase of training services;

c) administer the purchase of training services on behalf of third parties by way of contracts with the Government of Canada and with third parties; and

d) improve the ability of public training institutions in Manitoba to access funds for the provision of training.

The Canada/Manitoba Agreement on Training extends from April 1, 1986 to March 31, 1989. The agreement provides that the Government of Canada will reimburse the Province of Manitoba for 50% of the annual operating costs of the Council. Continued operation of the Council beyond the expiry date is at the discretion of the Province.

2. Accounting Policies:

a) General - The financial statements are prepared on an accrual basis, except that purchases of fixed assets are charged to operations in the year of acquisition.

b) Fixed Assets - The balance sheet reflects fixed assets at cost with a corresponding credit to "Investment in fixed assets". The Council's policy is to remove the cost of all physical assets from the accounts which have:

- become obsolete during the year,
- been sold or otherwise disposed of during the year, or
- in the case of leasehold improvements, a full write-off will be recorded at the termination of the lease period.

c) Revenues - The financial statements do not reflect the Government of Canada's share of the Council's operating costs as revenues (Note 4).

3. Services and Benefits Provided by the Province of Manitoba:

The Province of Manitoba provides legal services, payroll services and office space for the Council. The employer's share of employee benefits is also borne by the Province. The Council estimates the value of these services and benefits at $20,000. The financial statements reflect these services and benefits as revenues from the Province of Manitoba and as expenditures in the appropriate disbursement category.

4. Government of Canada Recoveries:

The Government of Canada's share of the cost of operations is paid directly into the general revenues of the Province of Manitoba. An amount of $68,746 is estimated to be recoverable by the Province from the Government of Canada for operations to March 31, 1988.

5. Start up Costs:

Salaries include $13,265 related to start up costs prior to incorporation.

6. Fixed Assets:

The current lease expires March 14, 1989 and the expected useful life of the furniture and equipment is three years.

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to F, of The Manitoba Vegetable Producers' Marketing Board for the fiscal year ended June 30, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at June 30, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

November 6, 1987,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Balance Sheet
as at June 30, 1987
(with 1986 figures for comparison)

	1987	1986
ASSETS		
Current assets:		
Cash on hand and in bank	$ 605	$ 1,920
Accounts receivable - trade	515,670	239,357
- Peak of the Market Sales Ltd.	624,754	163,955
- producers	139,332	46,787
- storage crop advance	1,346,391	464,975
- other	4,238	4,293
Inventories of vegetables, net realizable value	34,129	35,590
Deposit re purchase of equipment	-	10,571
Prepaid expenses	215,961	191,328
Total current assets	2,881,080	1,158,776
Investment in Peak of the Market Sales Ltd.	30	30
Fixed assets:		
Land and building, as valued by the Board	681,868	681,868
Equipment and automobiles, at cost	1,026,780	960,303
	1,708,648	1,642,171
Less: assistance grants	26,487	26,487
	1,682,161	1,615,684
Less: accumulated depreciation	948,770	863,495
	733,391	752,189
	$ 3,614,501	$ 1,910,995
LIABILITIES AND CAPITAL SURPLUS		
Current liabilities:		
Bank indebtedness (Note 2)	$ 2,180,655	$ 725,207
Accounts payable - producers	534,067	264,139
- other	238,443	285,286
Funds held for promotion and research, Exhibit D	47,332	33,344
Funds held for freight equalization, Exhibit D	-	355
Other trust account (Note 3)	25,718	21,228
Total current liabilities	3,026,215	1,329,559
Other liabilities:		
Operations account, Exhibit B	303,100	296,250
	3,329,315	1,625,809
Capital surplus arising from:		
Financial assistance provided by the Governments of Canada and Manitoba, not repayable	206,438	206,438
Valuation of land and building	78,748	78,748
	285,186	285,186
	$ 3,614,501	$ 1,910,995

Exhibit B

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operations
for the year ended June 30, 1987
(with 1986 figures for comparison)

	1987	1986
Revenues:		
Board's assessments against pools, Exhibit C	$ 594,560	$ 526,109
Prepack operation:		
Sales	7,196,653	4,519,221
Less: cost of sales	6,503,706	3,921,499
Gross margin	692,947	597,722
Processing fees:		
Cartage and storage	314	1,072
Custom work	10,554	23,376
Washing and grading	191,146	208,684
	202,014	233,132
Sundry:		
Rental revenue	69,188	68,379
Commissions on consignment sales and other revenue	187,307	65,062
	256,495	133,441
Total revenues	1,746,016	1,490,404
Operating expenditures, Exhibit E	1,739,166	1,542,353
Increase (decrease) in operations account	6,850	(51,949)
Operations account, beginning of year	296,250	348,199
Operations account, end of year, Exhibit A	$ 303,100	$ 296,250

Exhibit C

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Transactions
for the year ended June 30, 1987
(with 1986 figures for comparison)

	1987	1986
Revenue from vegetables sold through pools	$ 12,320,826	$ 8,361,094
Deduct pool charges:		
Direct charges:		
Brokerage	57,565	53,752
Claims	-	123
Containers	10,676	15,524
Freight equalization	132,814	37,170
Inspection	5,216	2,737
Prepack subsidy	5,500	28,294
Seed delivery	4,726	5,868
Selling and promotion allowances	14,164	28,499
	230,661	171,967
Funds allocated for:		
Promotion and research - all crops	48,844	43,566
Freight equalization - potatoes	94,069	76,991
	142,913	120,557
Board's assessments:		
Handling charges	498,347	452,156
Processing fees	16,692	4,050
Waxing	77,273	68,246
Fractional differences	2,248	1,657
	594,560	526,109
Total pool charges	968,134	818,633
Distributed to producers	$ 11,352,692	$ 7,542,461

Exhibit D

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Funds Held
for the year ended June 30, 1987
(with 1986 figures for comparison)

	1987	1986
Promotion and research - all crops:		
Balance, beginning of year	$ 33,344	$ 29,492
Add: funds allocated from pools, Exhibit C	48,844	43,566
amount provided from direct priced sales	7,835	2,459
grants and commissions	9,873	10,645
	99,896	86,162
Deduct: promotional charges	52,564	52,818
Balance, end of year, Exhibit A	$ 47,332	$ 33,344
Freight equalization - potatoes:		
Balance, beginning of year	$ 355	$ -
Add: funds allocated from pools, Exhibit C	94,069	76,991
overquota service charges	24,317	13,902
amount charged to producers re deficit balance	21,547	-
	140,288	90,893
Deduct: freight allowances to wholesalers	140,288	90,538
Balance, end of year, Exhibit A	$ -	$ 355

Exhibit E

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operating Expenditures
for the year ended June 30, 1987
(with 1986 figures for comparison)

	1987	1986
Audit	$ 20,470	$ 16,189
Bad debts	31,460	799
Board members' fees	15,412	12,015
Board members' expenses	8,550	6,490
Bank service charge	3,034	3,005
Cafeteria operations, net	6,716	5,283
Claims and allowances	2,116	3,868
Containers and packaging supplies	175,117	141,081
Depreciation	85,274	56,231
Equipment rental	3,140	3,386
Fuel, water, light and power	69,966	72,630
Health and post secondary education tax levy	14,575	11,954
Insurance	20,744	16,619
Legal	10,785	(397)
Maintenance and repairs	81,640	80,351
Manager's expenses	835	1,113
Miscellaneous	64,326	37,350
Office supplies and postage	24,807	17,206
Pension and employee insurance	97,241	93,746
Property and business taxes	73,390	70,971
Public relations, promotion and travel	37,842	47,083
Salaries and wages	844,188	803,211
Telephone and telex	25,127	22,468
Truck and auto	22,411	19,701
Total, Exhibit B	$ 1,739,166	$ 1,542,353

Exhibit F

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Changes in Financial Position
for the year ended June 30, 1987
(with 1986 figures for comparison)

	1987	1986
Cash provided by (used for)		
Operating activities:		
Net increase (decrease) in operations account	$ 6,850	$ (51,949)
Item not involving cash:		
Depreciation	85,274	56,231
	92,124	4,282
Net change in non-cash working capital balances related to operations	(1,482,411)	(25,165)
	(1,390,287)	(20,883)
Investing activities:		
Purchase of fixed assets	(66,476)	(320,818)
Decrease in cash	(1,456,763)	(341,701)
Cash, beginning of year	(723,287)	(381,586)
Cash, end of year	$(2,180,050)	$(723,287)

Cash position represents bank indebtedness less cash on hand and in bank.

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements
June 30, 1987

1. Significant accounting policies

a) Investment in Peak of the Market Sales Ltd.

The Board reflects its investment in Peak of the Market Sales Ltd., a wholly owned subsidiary, at cost. The subsidiary operates on a breakeven basis and acquires all of its products from the Board at regular Board prices, for resale at the same prices and all operating costs are absorbed by the Board. Total sales to the subsidiary (1987 - $4,961,844; 1986 - $2,615,208) have not been segregated in these financial statements. The amount reflected as accounts receivable from Peak of the Market Sales Ltd. represents the amount due to the subsidiary from its customers as at the year-end date.

b) Land and building

Land and building have been recorded at a book value transferred from the preceding entity, which includes an incremental valuation adjustment of $78,748, with a subsequent disposal of part of the land recorded on a pro rata basis. Depreciation on the building is calculated on a straight-line basis, using an estimated service life of 40 years.

c) Equipment and automobiles

Equipment and automobiles are depreciated on a straight-line basis with an estimated useful life of 10 years for equipment and 5 years for automobiles.

d) Operations account

The Board operates on a break-even basis, recovering its estimated costs by assessing handling charges against the pools handled on behalf of the participating producers. The prepack operation and other processing services are offered in order to enhance the overall pooling process. The mark-up applied to the prepack operation and rates charged for other processing services are also based on the estimated costs of providing the related services. Any variance between the estimated costs recovered from the aforementioned sources and actual costs of Board operations is accumulated in the Operations Account. The balance of this account represents funds held for producers which have not been allocated and are used for working capital purposes.

2. Bank indebtedness

The amount shown for bank indebtedness is comprised of the following:

	1987	1986
Outstanding cheques	$ 396,217	$ 126,174
Operating overdraft, interest at prime, secured by general assignment of accounts receivable and guarantee by Peak of the Market Sales Ltd. to $500,000	436,871	-
Operating loan, interest at prime, secured by general assignment of accounts receivable	-	110,000
Crop storage overdraft (1986 - loans), interest payable by and outstanding balance guaranteed by the Government of Canada	1,347,567	489,033
	$ 2,180,655	$ 725,207

3. Other trust account

The transactions pertaining to the other trust account is as follows:

	Cultivar Research Project
Balance, June 30, 1986	$ 21,228
Contributions from participants	30,293
Interest received	663
	52,184
Disbursements	26,466
Balance, June 30, 1987	$ 25,718

4. Commitment

The Board has a commitment relating to the development of a "Grower System" custom software package amounting to $2,520.

5. Comparative figures

Certain of the 1986 figures have been reclassified to conform to the presentation adopted for 1987.

Manitoba

THE MANITOBA WATER SERVICES BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C, D and E, and Schedules 1 to 3, of The Manitoba Water Services Board for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Services Board as at March 31, 1988 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

October 12, 1988
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA WATER SERVICES BOARD

Balance Sheet
as at March 31, 1988

ASSETS

	1988	1987
Current assets:		
Cash on deposit with the Minister of Finance Exhibit E, (Note 1(a))	$ 544,870	$ 1,069,817
Accounts receivable	2,574,529	2,373,637
Grants receivable from the Government of the Province of Manitoba - subsidization of construction costs	84,939	134,791
Accrued interest	615,507	636,315
Prepaid expenses	41,552	37,562
	3,861,397	4,252,122
Debentures receivable from municipalities, Schedule 1 (Note 3)	13,198,163	13,801,914
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	1,476,129	1,196,564
Fixed assets: (Notes 1(e) and 4)		
Works, at cost		
Land and easements	102,744	102,744
Building and equipment	6,599,696	6,599,696
	6,702,440	6,702,440
Less accumulated depreciation	4,091,605	3,913,913
	2,610,835	2,788,527
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C,(Notes 1(b) and 5)	732,297	1,260,237
Amortized interest recoverable	4,471	4,783
	$21,883,292	$23,304,147

Exhibit A

LIABILITIES

	1988	1987
Current liabilities:		
Accounts payable and accrued charges	$ 962,640	$ 1,111,548
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	16,318,452	17,394,246
Debentures - Canada Mortgage and Housing Corporation	2,254,461	2,391,729
Bonds	3,023,000	3,023,000
	21,595,913	22,808,975
Less sinking fund: (Note 1(f))		
Cash on deposit with the Minister of Finance	754,770	687,515
Investments, at cost, Schedule 3	20,491	28,861
	775,261	716,376
	20,820,652	22,092,599
Interest adjustment fund account Exhibit D, (Notes 1(c) and 7)	100,000	100,000
	$21,883,292	$23,304,147

Exhibit B

THE MANITOBA WATER SERVICES BOARD

Statement of Operating Revenues and Expenditures for the year ended March 31, 1988

	1988	1987
Revenues:		
Sale of water	$2,807,174	$2,603,550
Interest:		
Municipalities	1,628,826	1,727,955
Sinking funds and funds on deposit (Note 1(f))	106,106	82,256
Grant from the Government of the Province of Manitoba - subsidization of water rates (Note 5)	218,747	207,204
	4,760,853	4,620,965
Expenditures:		
Interest:		
Advances	1,858,598	2,001,902
Bonds and debentures	450,550	462,203
Audit and other fees	29,076	13,306
Chemicals	482,091	450,738
Depreciation (Note 1(e))	177,692	133,545
Salaries and benefits	762,016	657,723
Heat, telephone, light and power	317,512	285,734
Repairs and maintenance	268,277	193,170
Water purchased for resale	178,913	218,615
	4,524,725	4,416,936
Interest applied to construction	(291,812)	(468,502)
Interest applied to interest adjustment fund account, Exhibit D	--	29,187
	4,232,913	3,977,621
Excess of operating revenues over expenditures, Exhibit C	$ 527,940	$ 643,344

Exhibit C

THE MANITOBA WATER SERVICES BOARD

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5) for the year ended March 31, 1988

	1988	1987
Balance, beginning of year	$ 1,260,237	$ 1,903,581
Deduct: Excess of operating revenues over expenditures, Exhibit B	527,940	643,344
Balance, end of year, Exhibit A	$ 732,297	$ 1,260,237

Exhibit D

THE MANITOBA WATER SERVICES BOARD

Statement of Interest Adjustment Fund Account (Notes 1(c) and 7) for the year ended March 31, 1988

	1988	1987
Balance, beginning of year	$ 100,000	$ 70,813
Interest applied - Statement of Operating Revenues and Expenditures, Exhibit B	--	29,187
Balance, end of year, Exhibit A	$ 100,000	$ 100,000

Exhibit E

THE MANITOBA WATER SERVICES BOARD

Statement of Changes in Cash Position
for the year ended March 31, 1988

	1988	1987
Cash provided by (used for):		
Operating activities:		
Excess of operating revenues over expenditures, Exhibit B	$ 527,940	$ 643,344
Items not involving cash:		
Depreciation	177,692	133,545
Amortization of sinking fund bond discount - net	312	24,939
	705,944	801,828
Net change in non-cash working capital balances	(283,130)	357,408
	422,814	1,159,236
Financing activities:		
Construction of facilities for municipalities	(8,646,828)	(9,677,377)
The Government of the Province of Manitoba:		
Grants - subsidization of construction costs	3,531,795	4,868,782
Advances - net	(1,075,794)	696,915
Municipalities:		
Debenture principal repayments	603,751	984,717
Construction expenditure recoveries	4,835,468	5,753,745
The Government of Canada:		
Canada Pension Plan bond repayment	--	(2,954,000)
Construction expenditure refunds	--	(1,688)
Canada Mortgage and Housing Corporation:		
Debenture principal repayments	(137,268)	(125,202)
Applied to interest adjustment fund account	--	29,187
Sinking fund payments - net	(58,885)	760,787
	(947,761)	335,866
Investment activities:		
Fixed asset additions	--	(1,041,696)
Increase (decrease) in cash	(524,947)	453,406
Cash, beginning of year	1,069,817	616,411
Cash, end of year, Exhibit A	$ 544,870	$ 1,069,817

Cash is represented by cash on deposit with the Minister of Finance.

Schedule 1

THE MANITOBA WATER SERVICES BOARD

Schedule of Debentures Receivable from Municipalities as at March 31, 1988

Municipality	Number of Debentures	Term	Interest Rates %	Balance
Village of Arborg	4	October 31, 1988 - 1998	9.25 - 11.25	$ 130,165
Village of Benito	1	October 31, 1988 - 1998	9.80	8,753
Village of Binscarth	1	October 31, 1988 - 1998	11.25	30,304
Village of Binscarth	1	December 31, 1988 - 2004	12.75	4,219
R.M. of Birtle	2	October 31, 1988 - 2000	11.25 - 13.75	136,248
Town of Birtle	2	December 31, 1988 - 2003	12.625 - 13.125	237,775
Town of Carman	3	October 31, 1988 - 1999	9.00 - 11.25	178,834
R.M. of Cartier	1	October 31, 1988 - 1995	10.95	100,661
Village of Cartwright	1	December 31, 1988 - 2004	12.75	20,488
R.M. of Coldwell	2	October 31, 1988 - 1996	9.80 - 10.95	107,612
L.G.D. of Consol	1	October 31, 1988 - 1996	9.80	45,051
Town of Dauphin	2	October 31, 1988 - 1996	9.80 - 10.95	348,399
Town of Deloraine	2	October 31, 1988 - 1999	9.80 - 11.25	21,116
R.M. of De Salaberry	2	December 31, 1988 - 2004	12.625 - 12.75	83,135
R.M. of East St. Paul	3	October 31, 1988 - 1997	9.00 - 10.95	118,478
Town of Emerson	2	October 31, 1988 - 1998	9.80 - 11.25	29,092
Village of Erickson	1	October 31, 1988 - 1994	9.25	4,452
R.M. of Eriksdale	1	October 31, 1988 - 1996	9.80	5,633
Village of Ethelbert	1	October 31, 1988 - 1989	11.25	3,090
City of Flin Flon	5	December 31, 1988 - 2004	12.625 - 12.75	1,572,844
Village of Gilbert Plains	2	October 31, 1988 - 1995	9.25 - 10.95	72,631
Village of Glenboro	1	December 31, 1988 - 2002	13.125	95,968
Town of Grandview	4	October 31, 1988 - 1999	9.00 - 11.25	81,925
Town of Grandview	1	December 31, 1988 - 2002	13.125	56,285
Village of Gretna	2	October 31, 1988 - 1995	9.80 - 10.95	15,027
R.M. of Grey	1	October 31, 1988 - 1999	11.25	77,389
R.M. of Hanover	7	October 31, 1988 - 1999	9.00 - 11.25	326,106
R.M. of Hanover	2	December 31, 1988 - 2004	12.75	163,198
Town of Hartney	1	December 31, 1988	6.645	8,290
Town of Killarney	1	December 31, 1988 - 2004	12.75	31,326
Village of Lac du Bonnet	1	October 31, 1988 - 1997	9.50	214,713
R.M. of Lorne	4	October 31, 1988 - 2000	9.80 - 13.75	268,708
R.M. of MacDonald	4	October 31, 1988 - 1999	9.00 - 11.25	80,003
Village of Manitou	2	October 31, 1988 - 1998	9.00 - 11.25	71,274
Village of McCreary	3	October 31, 1988 - 1998	9.80 - 11.25	22,345
Town of Minnedosa	3	October 31, 1988 - 1999	9.80 - 11.25	29,482
R.M. of Miniota	1	October 31, 1988 - 1996	9.80	11,056
Village of Minitonas	1	October 31, 1988 - 1999	11.25	77,626
R.M. of Montcalm	1	December 31, 1988 - 1998	12.625	55,675
Town of Morris	2	October 31, 1988 - 1998	9.00 - 9.80	127,682
Town of Morris	2	December 31, 1988 - 2004	12.75 - 13.125	97,277
L.G.D. of Mountain	2	October 31, 1988 - 1997	9.00 - 9.80	103,762
Town of Neepawa	1	October 31, 1988 - 1998	9.80	17,011
R.M. of North Norfolk	3	October 31, 1988 - 1996	9.25 - 10.95	85,499
Village of Notre Dame de Lourdes	3	October 31, 1988 - 1995	9.25 - 10.95	47,014
Carried forward	93			$5,423,621

THE MANITOBA WATER SERVICES BOARD

Schedule of Debentures Receivable from Municipalities
as at March 31, 1988

Municipality	Number of Debentures	Term	Interest Rates %	Balance
Brought forward	93			$5,423,621
R.M. of Ochre River	2	December 31, 1988 - 2002	12.625 - 13.125	27,307
R.M. of Pembina	1	October 31, 1988 - 1989	11.25	3,250
R.M. of Pipestone	2	October 31, 1988 - 2000	11.25 -13.75	42,060
Village of Plum Coulee	3	October 31, 1988 - 1999	9.00 - 11.25	225,346
City of Portage la Prairie	6	October 31, 1988 - 2000	9.00 - 13.75	1,576,774
City of Portage le Prairie	1	December 31, 1988 - 2002	13.125	63,307
R.M. of Portage la Prairie	2	October 31, 1988 - 1995	9.25 - 10.95	78,060
Town of Rapid City	1	October 31, 1988 - 1998	9.80	11,000
R.M. of Ritchot	6	October 31, 1988 - 2000	9.80 - 13.75	103,800
R.M. of Ritchot	2	December 31, 1988 - 2004	12.625 - 12.75	126,061
R.M. of Riverside	2	October 31, 1988 - 2000	11.25 -13.75	150,475
Village of Riverton	4	October 31, 1988 - 1998	9.00 - 10.95	172,552
Village of Riverton	1	December 31, 1988 - 2002	13.125	16,603
Town of Roblin	2	October 31, 1988 - 2000	11.25 - 13.75	262,747
Village of Rossburn	5	October 31, 1988 - 2000	9.00 - 13.75	71,148
Town of Russell	1	December 31, 1988 - 2004	12.75	340,095
Village of Ste. Anne	2	October 31, 1988 - 1996	9.80 - 11.25	50,706
Village of St. Claude	3	October 31, 1988 - 1996	9.80 - 10.95	41,681
Village of St. Claude	1	December 31, 1988 - 1999	12.75	14,368
Village of Ste. Rose du Lac	4	October 31, 1988 - 1997	9.00 - 10.95	54,832
Village of Ste. Rose du Lac	1	December 31, 1988 - 2004	12.75	66,017
Town of Selkirk	6	October 31, 1988 - 2000	9.00 - 13.75	1,055,312
Village of Shoal Lake	1	October 31, 1988 - 2000	13.75	149,983
R.M. of Siglunes	1	December 31, 1988 - 2001	13.125	6,786
Town of Souris	3	October 31, 1988 - 1998	9.00 - 9.80	412,846
Town of Souris	1	December 31, 1988 - 2000	12.75	15,334
Town of Steinbach	3	October 31, 1988 - 1997	9.00 - 10.95	68,876
Town of Stonewall	2	October 31, 1988 - 2006	9.80 - 10.95	838,859
R.M. of Strathclair	1	October 31, 1988	9.80	6,947
R.M. of Strathcona	2	October 31, 1988 - 2000	11.25 - 13.75	39,948
L.G.D. of Stuartburn	3	October 31, 1988 - 2000	9.80 - 13.75	146,152
Town of Swan River	3	October 31, 1988 - 1997	9.00 - 10.95	434,414
R.M. of Tache	3	October 31, 1988 - 1998	9.00 - 10.95	22,579
Village of Teulon	1	October 31, 1988 - 2006	8.00	330,301
R.M. of Thompson	1	October 31, 1988 - 1996	9.80	110,657
Village of Treherne	2	October 31, 1988 - 1996	9.80 - 11.25	120,415
Town of Virden	3	October 31, 1988 - 1998	9.80 - 13.75	313,695
Town of Virden	1	December 31, 1988 - 1998	13.125	15,884
Community of Wabowden	1	August 1, 1988 - 1995	9.00	162,997
Village of Waskada	1	October 31, 1988	9.25	299
Village of Wawanesa	1	October 31, 1988 - 1999	11.25	2,421
Town of Winkler	1	October 31, 1988 - 1996	9.80	17,596
Town of Winnipeg Beach	1	October 31, 1988 - 1999	11.25	4,052
	187			$13,198,163

Schedule 2

THE MANITOBA WATER SERVICES BOARD

Schedule of Capital Debt
as at March 31, 1988

	1988	1987
Advances from the Government of the Province of Manitoba:		
10.720 % payable annually April 1, 1988-1991	$1,739,956	$2,075,000
9.000 % payable annually October 31,1988-1997	1,413,520	1,498,876
9.800 % payable annually October 31,1988-1998	1,608,188	1,688,082
11.250 % payable annually October 31,1988-1999	1,656,224	1,720,785
9.250 % payable annually March 31, 1989-2004	985,316	1,101,457
9.800 % payable annually October 31,1988-2006	1,221,806	1,294,070
9.400 % payable annually October 31,1988-2007	37,951	38,599
13.750 % payable annually October 31,1988-2000	2,024,844	2,081,268
13.125 % payable annually December 31,1988-2002	--	593,241
12.625 % payable annually December 31,1988-2003	1,173,092	1,199,260
12.750 % payable annually December 31,1988-2004	1,427,770	1,452,364
9.625 % payable annually March 31, 1989-2007	1,156,439	--
Other - payable on demand at bank prime	1,873,346	2,651,244
	16,318,452	17,394,246
Canada Mortgage and Housing Corporation Debentures:		
7.875 % payable annually August 1,1988-1994	54,329	59,960
8.000 % payable annually December 1,1988-1995	42,388	46,051
8.000 % payable annually January 1, 1989-1996	25,590	27,801
8.000 % payable annually January 1, 1989-1996	32,774	35,607
8.000 % payable annually February 1, 1989-1996	34,821	37,831
10.000 % payable annually February 1, 1989-1996	66,635	71,872
10.375 % payable annually January 1, 1989-1996	86,752	93,450
10.375 % payable annually January 1, 1989-1996	19,127	20,604
10.375 % payable annually February 1, 1989-1996	63,622	68,534
10.375 % payable annually February 1, 1989-1996	41,719	44,939
10.375 % payable annually February 1, 1989-1996	48,749	52,513
10.375 % payable annually February 1, 1989-1996	99,206	106,864
10.375 % payable annually December 1, 1988-1996	100,120	106,605
10.750 % payable annually August 1,1988-1996	46,623	49,583
10.750 % payable annually December 1,1988-1996	28,241	30,034
10.750 % payable annually December 1,1988-1996	12,884	13,702
8.000 % payable annually April 1, 1989-1997	10,440	11,208
8.000 % payable annually July 1, 1988-1997	614,325	653,235
10.000 % payable annually July 1, 1988-1997	24,631	26,016
10.000 % payable annually July 1, 1988-1997	17,161	18,126
10.375 % payable annually April 1, 1988-1997	99,461	105,904
10.375 % payable annually April 1, 1988-1997	88,155	93,866
10.750 % payable annually July 1,1988-1997	129,115	136,055
9.625 % payable annually February 1,1989-1998	58,021	61,358
11.000 % payable annually November 1,1989-2002	409,572	420,011
	2,254,461	2,391,729
Carried forward	$18,572,913	$19,785,975

Schedule 2

THE MANITOBA WATER SERVICES BOARD

Schedule of Capital Debt
as at March 31,1988

	1988	1987
Brought forward	$ 18,572,913	$ 19,785,975
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
7.26% bond due June 2, 1989	3,023,000	3,023,000
	3,023,000	3,023,000
	$ 21,595,913	$ 22,808,975

Schedule 3

THE MANITOBA WATER SERVICES BOARD

Schedule of Sinking Fund Investments as at March 31, 1988

	Interest Rate %	Maturity Date	Par Value	Cost
Debentures:				
Manitoba Hydro Electric Board	6.25	February 1, 1989	$26,000	$20,491

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements for the year ended March 31, 1988

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Board's financial statements have been prepared using the accrual basis of accounting except that, in accordance with the procedures followed by the Government of the Province of Manitoba, the Board's disbursement account was held open until April 20, 1988 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1988. Disbursements from April 1, 1988 to April 20, 1988 for the year ended March 31, 1988 were $520,065 (1987 - $271,106).

(b) Accumulated excess of operating expenditures over revenues, recoverable

The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

(A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as The Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

(B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

(C) Plant owned and operated by the Board with cost recovery over a 20 year life.

All operating deficits of plants operated by the Board are recoverable from the municipalities.

(c) Interest Adjustment Fund Account

The Board maintains a separate fund account balance for interest adjustments.

(d) Administration costs

The costs related to the administration and general operation of the Board, which amounted to $1,758,381 for the year ended March 31, 1988 (1987 - $1,754,226), were paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

Notes to Financial Statements
for the year ended March 31, 1988

(e) Depreciation policy

The Board provides depreciation on a straight-line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings under (b)(A) above and a 20 year term for equipment and buildings under (b)(C) above.

(f) Sinking fund

The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceding March 31, together with 4% of the balance in the sinking fund at that date.

Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

2. CONSTRUCTION IN PROGRESS RECOVERABLE FROM MUNICIPALITIES AND THE GOVERNMENT OF THE PROVINCE OF MANITOBA

The transactions in this account were as follows:

	March 31	
	1988	1987
Balance, beginning of year	$ 1,196,564	$ 2,140,026
Construction during the year, Exhibit E	8,646,828	9,677,377
	9,843,392	11,817,403
Recoveries during the year		
Municipalities		
Cash payments received, Exhibit E	4,835,468	5,753,745
The Government of the Province of Manitoba, Exhibit E		
Grants - subsidization of construction costs	3,531,795	4,868,782
The Government of Canada, Exhibit E		
Construction expenditure refunds	-	(1,688)
	8,367,263	10,620,839
Balance, end of year, Exhibit A	$ 1,476,129	$ 1,196,564

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements
for the year ended March 31, 1988

3. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. FIXED ASSETS

The following is the summary of the Board's fixed assets:

	1988	1987
Land and easements	$ 102,744	$ 102,744
Buildings	5,006,221	5,006,221
Less accumulated depreciation	2,783,564	2,629,262
	2,222,657	2,376,959
Equipment	1,593,475	1,593,475
Less accumulated depreciation	1,308,041	1,284,651
	285,434	308,824
	$2,610,835	$2,788,527

5. ACCUMULATED EXCESS OF OPERATING EXPENDITURES OVER REVENUES (Note 1(b))

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1988 rate stabilization grants totalling $218,747 were paid in respect of the operations of 17 of the plants constructed under The Manitoba Water Supply Board Act (1987 - $207,204 respecting 15 plants).

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements
for the year ended March 31, 1988

5. ACCUMULATED EXCESS OF OPERATING EXPENDITURES OVER REVENUES (continued)

	March 31			
		1988		1987
	No.	Amount	No.	Amount
Plants operated under A - owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	27	$1,186,612	31	$ 1,393,630
Plants with an accumulated excess of operating revenues over expenditures	9	(460,039)	5	(178,131)
	36	726,573	36	1,215,499
Plants operated under B - operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	2	8832	1	298
Plants with an accumulated excess of operating revenues over expenditures	7	(168,460)	8	(125,612)
	9	(159,628)	9	(125,314)
Plant operated under C - owned and operated by the Board, newly constructed works:				
Plant with an accumulated excess of operating expenditures over revenues, recoverable	1	165,352	1	170,052
Totals under A, B and C	46	$732,297	46	$1,260,237

6. AGREEMENT, COMMUNITY OF WABOWDEN

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

7. INTEREST ADJUSTMENT FUND ACCOUNT

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account.

8. CAPITAL AUTHORITY

The Legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1988 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1988
The Loan Act 1984	$ 2,800,000
The Loan Act 1985	8,500,000
The Loan Act 1987	12,000,000
	$23,300,000

9. COMMITMENTS

The Board has signed agreements and offers for the construction of sewer and water systems for municipalities which amount to $8,932,000 as at March 31, 1988 (1987 - $13,289,000). Of this amount, $2,752,000 (1987 - $3,718,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs, with the balance of $6,180,000 (1987 - $9,571,000) to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payments (Note 3).

10. LITIGATION

The Board is involved in a civil suit with regard to one of its sewer projects. As a result of the Board's claim for damages a counter suit has been filed by one of the contractors claiming damages from the Board totalling $199,000. There has been no provision in the financial statements for the claim or counter suit.

Manitoba

MOOSE LAKE LOGGERS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Moose Lake Loggers Ltd. as at March 31, 1988 and the statements of retained earnings, revenues and expenditures, and changes in financial position, and the schedule of operating expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. Singleton, CA,
Assistant Provincial Auditor.

June 10, 1988,
Winnipeg, Manitoba.

EXHIBIT A

MOOSE LAKE LOGGERS LTD.

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Current assets:		
Short term deposits	$ 75,000	$ 125,000
Accounts receivable (Note 3)	360,996	442,724
Loans receivable from sub-contractors re purchase of equipment - unsecured	34,495	46,808
Inventories, at cost	48,067	46,589
Prepaid expenses	21,931	29,486
Total current assets	540,489	690,607
Fixed and other assets (Note 4)	149,632	212,471
	$ 690,121	$ 903,078
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Excess of outstanding cheques over bank balances	$ 93,140	$ 108,367
Bank demand loan (Note 5)	70,000	70,000
Accounts payable and accrued liabilities (Note 6)	167,072	222,443
Total current liabilities	330,212	400,810
Shareholders' equity:		
Capital stock (Note 7)		
Authorized - 35,000 common shares for a maximum consideration of $350,000		
Issued and fully paid - 30,009 common shares	300,090	300,090
Contributed surplus:		
Grant from the Government of Canada towards capital expenditures	5,720	5,720
Retained earnings, Exhibit B	54,099	196,458
Total shareholders' equity	359,909	502,268
	$ 690,121	$ 903,078

EXHIBIT B

MOOSE LAKE LOGGERS LTD.

Statement of Retained Earnings
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Balance, beginning of year	$ 196,458	$ 124,970
Less: Excess of expenditures over (under) revenues, Exhibit C	142,359	(71,488)
Balance, end of year, Exhibit A	$ 54,099	$ 196,458

EXHIBIT C

MOOSE LAKE LOGGERS LTD.

Statement of Revenues and Expenditures for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Revenues:		
Log cutting contract - Manfor Ltd.	$ 2,352,981	$ 3,009,509
Commissary sales	368,999	358,100
Board charges	96,952	59,310
Road maintenance	26,813	18,047
Interest income	9,269	3,113
Accounting service fees	2,600	3,150
Tree planting	310,019	129,620
Miscellaneous	18,350	1,157
Total revenues	3,185,983	3,582,006
Expenditures, Exhibit E:		
Log cutting contracts	1,965,736	2,187,597
Camp operations	894,056	974,005
General and administrative	253,212	240,642
Tree planting	215,338	108,274
Total expenditures, Exhibit E	3,328,342	3,510,518
Excess of expenditures over (under) revenues, Exhibit B	$ 142,359	$ (71,488)

EXHIBIT D

MOOSE LAKE LOGGERS LTD.

Statement of Changes in Financial Position
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Cash Provided By (Used For):		
Operating activities:		
Excess of expenditures (over) under revenues	$ (142,359)	$ 71,488
Item not involving cash		
Depreciation and amortization	86,815	87,000
	(55,544)	158,488
Net change in non-cash working capital balances related to operations	44,746	(43,549)
	(10,798)	114,939
Investing activities:		
Additions to fixed assets	(23,975)	(45,474)
Net proceeds from disposals of fixed assets	-	4,250
	(23,975)	(41,224)
Increase (decrease) in cash	(34,773)	73,715
Cash deficiency at beginning of period	(53,367)	(127,082)
Cash deficiency at end of period	$ (88,140)	$ (53,367)
Represented by:		
Short term deposits	$ 75,000	$ 125,000
Bank demand loan	(70,000)	(70,000)
Outstanding cheques	(93,140)	(108,367)
	$ (88,140)	$ (53,367)

EXHIBIT E

MOOSE LAKE LOGGERS LTD.

Schedule of Operating Expenditures for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Log cutting contracts:		
Wages and benefits	$ 1,288,626	$ 1,444,900
Equipment rental	609,653	643,167
Fuel and oil	49,146	65,407
Miscellaneous supplies	16,776	16,263
Repairs and maintenance	1,535	17,860
Exhibit C	1,965,736	2,187,597
Camp operations:		
Wages and benefits	200,049	252,219
Provisions	112,049	110,122
Fuel and oil	92,469	89,608
Repairs and maintenance	45,927	78,381
Depreciation	71,587	73,936
Freight	3,241	3,785
Insurance	21,214	31,142
Amortization - main road	2,260	5,607
Equipment rental	6,237	2,159
	555,033	646,959
Commissary - cost of sales	339,023	327,046
Exhibit C	894,056	974,005
Carried forward	$ 2,859,792	$ 3,161,602

EXHIBIT E

MOOSE LAKE LOGGERS LTD.

Schedule of Operating Expenditures for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Brought forward	$ 2,859,792	$ 3,161,602
General and administrative:		
Wages and benefits	141,717	135,790
Health and post secondary education tax levy	31,860	23,966
Professional fees	19,522	15,445
Fuel and oil	8,848	10,429
Depreciation	7,038	6,167
Directors' fees and salaries	8,162	6,685
Directors' travel	6,396	4,922
Communications	4,055	3,639
Insurance	6,457	7,292
Stationery and supplies	2,548	2,965
Travel	3,948	5,688
Repairs and maintenance	2,014	5,724
Miscellaneous	10,647	4,795
Profit sharing plan	-	7,135
Exhibit C	253,212	240,642
Tree planting:		
Wages and benefits	200,714	90,288
Health and post secondary education tax levy	3,953	1,155
Tools and bags	915	5,699
Equipment maintenance	1,061	4,527
Bus and trucks	6,621	3,780
Miscellaneous	2,074	2,825
Exhibit C	215,338	108,274
Total expenditures, Exhibit C	$ 3,328,342	$ 3,510,518

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1988

1. Nature of Operations

Moose Lake Loggers Ltd. was formed in 1971 under the Manitoba Natural Resources Development Act for the purpose of establishing an economically viable logging operation providing employment for residents of Moose Lake and surrounding areas. The Company also has a mandate to train local residents to fill the jobs created, with the ultimate goal being management by local residents.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Company.

General:

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Fixed and other assets:

Fixed and other assets are stated at cost. It is the Company's policy to provide for depreciation and amortization of fixed and other assets on the basis shown in Note 4.

Revenue recognition:

Pulpwood sales are recognized on the basis of pulpwood delivered to roadside and scaled, in accordance with the terms of the sales contract.

Administrative Expenses:

Certain administrative expenses, as detailed in Note 8, are provided at no charge or at a reduced charge by the Government of the Province of Manitoba.

3. Accounts Receivable

	1988	1987
Trade	$ 337,266	$ 400,012
Employees	20,825	39,752
Government of the Province of Manitoba	2,905	2,960
	$ 360,996	$ 442,724

4. Fixed and Other Assets

	1988			1987
	Cost	Accumulated Depreciation and Amortization	Net	Net
Main road construction	$ 235,321			
Less grants received	156,000			
	79,321	$ 79,321	$ -	$ 2,260
Campsite improvements	95,197	73,117	22,080	42,812
Buildings and trailers	509,829	445,127	64,702	105,951
Equipment	283,104	220,254	62,850	61,448
Total	$ 967,451	$ 817,819	$ 149,632	$ 212,471

The Company depreciates its fixed assets and amortizes its other assets on the following basis:

	Annual Rate
A) Depreciation	
a) Straight line	
Buildings	10-33 1/3%
Trailers	15-33 1/3%
Equipment	12 1/2-33 1/3%
b) Diminishing balance	
Trucks	30%
B) Amortization	
a) Straight line	
Campsite improvements	12 1/2-33 1/3%
b) Other	
Main road construction	10 cents per cord sold

5. Bank Demand Loan

The bank demand loan is guaranteed by the Government of the Province of Manitoba to a maximum of $500,000 including unpaid interest.

MOOSE LAKE LOGGERS LTD.

Notes to Financial Statements
for the year ended March 31, 1988

6. Accounts Payable and Accrued Liabilities

	1988	1987
Trade	$ 63,499	$ 108,963
Government of the Province of Manitoba	31,070	12,520
Wage deductions	47,167	73,174
Employees	25,336	27,786
	$ 167,072	$ 222,443

7. Capital Stock

The issued shares are held by the Government of the Province of Manitoba except for nine shares which are held by the appointed directors in trust for Her Majesty the Queen in right of the Province of Manitoba.

8. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides the services of the Secretary-Treasurer and other miscellaneous administrative services at no charge to the Company. The cost of these services is approximately $24,000 (1987 - $32,000). The Government of the Province of Manitoba has previously provided Workers Compensation coverage for Company staff at no charge to the Company. Effective October 1, 1985 the Company agreed to pay the lesser of $5,000 per month or actual costs billed to the Government of the Province of Manitoba. Effective April 1, 1987 the Company agreed to pay the lesser of $60,000 per annum or actual costs billed to the Government of the Province of Manitoba. The total cost to the Company was $60,000 (1987 - $41,059). Actual cost paid by the Government of the Province of Manitoba to the Workers Compensation Board on the Company's behalf was $117,702 (1987- $51,120).

9. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba and Manfor Ltd., which is wholly owned by the Government of the Province of Manitoba.

10. Comparative Figures

Certain figures for the preceding period have been reclassified to conform with the presentation adopted for 1988.

Manitoba

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the statement of financial position of The Public Investments Corporation of Manitoba as at December 31, 1987 and the statement of expenses and recoveries for the four month period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Public Investments Corporation of Manitoba as at December 31, 1987 and the results of its operations for the four month period then ended in accordance with the accounting policies described in note 2 to the financial statements.

J. W. Singleton, CA,
Assistant Provincial Auditor.

April 22, 1988,
Winnipeg, Manitoba.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Statement of Financial Position
As at December 31, 1987

ASSETS

Cash	$ 126,550
Accounts receivable, Note 3	119,250
Assessments receivable, Note 4	562,166
TOTAL ASSETS	$ 807,966

LIABILITIES

Accounts payable and accrued liabilities:	
Province of Manitoba, Note 5	$ 418,220
Other	39,746
Notes payable - Province of Manitoba, Note 6	350,000

EQUITY

Share capital, Note 7	-
TOTAL LIABILITIES AND EQUITY	$ 807,966

The accompanying notes are an integral part of these financial statements.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Statement of Expenses and Recoveries
for the four month period ended December 31, 1987

EXPENSES	
Personnel	$ 139,555
Professional services	10,100
Travel	9,483
Finance	8,202
Other	2,455
TOTAL EXPENSES	$ 169,795
RECOVERABLE FROM CROWN CORPORATIONS, Note 2 c	$ 169,795

The accompanying notes are an integral part of these financial statements.

THE PUBLIC INVESTMENTS CORPORATION OF MANITOBA

Notes to Financial Statements
December 31, 1987

1. Status and objects of the Corporation

The Public Investments Corporation of Manitoba was established effective September 1, 1987, by The Crown Corporation Accountability Act. The legislation establishes a new framework for the supervision of designated Manitoba Crown corporations and their accountability. The Corporation was created to give direction on matters of policy and to monitor the operations of designated Crown corporations. In these notes designated Crown corporations means those Crown corporations, boards, commissions, agencies or like bodies scheduled in the Act.

2. Significant accounting policies

a) General

The financial statements have been prepared in accordance with generally accepted accounting principles, except for the accounting for pensions and recoveries from designated Crown corporations, as set out in notes 2 b and c.

b) Pensions

Officers and employees of the Corporation participate in the Civil Service Superannuation Fund. The Corporation follows the same practice for reporting its pension expense and obligations as the Government of the Province of Manitoba. Pension expense is recorded when pension disbursements are made to retired employees. As no pension disbursements were required to be made for the four month period ended December 31, 1987, the Corporation has not recorded any pension expense for this period. Provision has not been made in the accounts to fund current or past service obligations to the Fund. An actuarial evaluation has not been made to determine the extent of any unfunded liability existing for the Corporation's officers and employees.

c) Recoveries from Crown corporations

The Corporation assesses fees pursuant to The Crown Corporation Accountability Act and the related Order-in-Council to recover its costs, as shown in the statement of expenses and recoveries, from designated Crown corporations.

Services paid for by the Government of the Province of Manitoba and provided to the Corporation at no charge are not included in those costs. The services include accommodation, furniture and office equipment. Management estimates the value of the services to have been approximately $5,000 per month. It is anticipated that this arrangement will be concluded at June 30, 1988. The Corporation expects to incur the cost of those services and include those costs in its assessment on Crown corporations after that date.

2. Significant accounting policies (continued)

c) Recoveries from Crown corporations (continued)

Professional and administrative services provided by the staff of the Department of Crown Investments at no charge to the Corporation are also not included in the costs recorded in the statement of expenses and recoveries. Management estimates the cost of those services to have been a minimal amount. The arrangement concluded early in 1988, when the Department ceased operations.

3. Accounts receivable

The Corporation undertakes to provide certain professional and other services to specific Crown corporations. The costs of these services are recovered from the specific Crown corporations. The costs and recoveries are included in accounts receivable and have been excluded from the statement of expenses and recoveries.

For the four month period ended December 31, 1987, the costs incurred for services undertaken on behalf of specific Crown corporations amounted to $321,215, of which $119,250 is shown as accounts receivable on the statement of financial position.

4. Assessments receivable

These receivables consist of:

- the amount recoverable for the Corporation's costs, as explained in note 2 c	$ 169,795
- the amount recoverable for the expenditures of the Department of Crown Investments, as explained in note 5	392,371
	$ 562,166

5. Accounts payable and accrued liabilities - Province of Manitoba

The Government of the Province of Manitoba approved the recovery of the expenditures of the Department of Crown Investments for the fiscal year ended March 31, 1988 from Crown corporations. The Corporation has assumed responsibility for the administration of the recovery of the expenditures and the remittance of the recoveries to the Province. The accounts payable and accrued liabilities - Province of Manitoba includes an amount of $392,371 with respect to expenditures of the Department of Crown Investments for the nine month period ended December 31, 1987 which are to be recovered from Crown corporations and remitted to the Province of Manitoba.

6. Notes payable

The Corporation issued the following interest-bearing notes to the Province of Manitoba:

September 17, 1987	$ 250,000
October 23, 1987	100,000
	$ 350,000

Interest, at the bank floating prime rate, is payable quarterly. The notes are repayable on demand.

7. Share capital

The Corporation may issue shares only to the Minister of Finance of Manitoba. The authorized share capital of the Corporation consists of ten million common shares without par value. No shares have been issued.

8. Commitments

The Corporation has entered into consulting contracts amounting to $215,000 which are recoverable from Crown corporations as described in note 3.

9. Subsequent event

Subsequent to the year-end, the Government of the Province of Manitoba appointed the Autopac Review Commission. The Corporation has undertaken to provide financial services for the Commission and has entered into various contracts on its behalf. A preliminary budget for the operating expenditures of the Commission has been estimated at $533,000. The expenditures which will be made by the Corporation on behalf of the Commission are to be recovered from the Manitoba Public Insurance Corporation, as explained in note 3.

10. Comparative figures

The Corporation was established effective September 1, 1987, as explained in note 1. These financial statements are for the four month period ended December 31, 1987.

Manitoba

THE PUBLIC SCHOOLS FINANCE BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B, C and Schedules 1 and 2, of The Public Schools Finance Board for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except with respect to the appropriateness of the costs of administering the Board included in these financial statements as described in the following paragraph.

As indicated in note 7 to the financial statements, the Board is taking appropriate steps to review its structure and mandate under the Public Schools Finance Board Act (Act). Because this review is not complete, it is impractical for the Board to estimate any adjustments which would be required to these financial statements to ensure compliance with section 9(2) of the Act with respect to costs of administering the Board. Similarly, it is impractical to estimate the effects of such adjustments on liabilities and the Municipal corporations' education support levies account.

In our opinion, except for the effect of any adjustments which would be required to ensure compliance with section 9(2) of the Act as discussed in the preceding paragraph, these financial statements present fairly the financial position of the Board as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

April 8, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet
as at December 31, 1987
(with 1986 figures for comparison)

ASSETS	1987	1986
Cash in bank	$ 385,110	$ 437,484
Accounts receivable:		
Government of the Province of Manitoba	14,218,766	14,855,468
Municipal corporations, education support levies	78,406,972	74,708,883
Miscellaneous	239,917	252,071
Prepaid expense	-	1,034
	$ 93,250,765	$ 90,254,940

LIABILITIES		
Accounts payable and accrued charges:		
Education support	$ 2,845,329	$ 3,015,888
Other	1,303,205	1,252,250
Notes payable on demand, at bank prime - Government of the Province of Manitoba	70,083,900	68,711,600
	74,232,434	72,979,738
Municipal corporations' education support levies account, Note 5, Exhibit C	19,018,331	17,275,202
	$ 93,250,765	$ 90,254,940

EXHIBIT B

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Revenue:		
Government of the Province of Manitoba, share of the Government Support to Education Program	$ 418,614,270	$ 403,840,245
Municipal corporations, education support levy	196,144,764	186,904,940
	614,759,034	590,745,185
Excess of revenue over expenditure carried forward to municipal corporations' education support levies account, Note 2(b), Exhibit C	1,491,946	9,173,304
	$ 613,267,088	$ 581,571,881
Expenditure:		
Government Support to Education Program:		
Education support, Schedule 1	$ 605,649,189	$ 573,279,314
Administrative and other expenses, Schedule 2	7,617,899	8,292,567
	$ 613,267,088	$ 581,571,881

EXHIBIT C

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Municipal Corporations' Education Support Levies Account for the year ended December 31, 1987 (with 1986 figures for comparison)

	1987	1986
Balance, beginning of year	$ 17,275,202	$ 7,820,530
Excess of revenue over expenditure, Note 2(b) Exhibit B	1,491,946	9,173,304
	18,767,148	16,993,834
Adjustment of previous years' education support from estimated to actual, Note 2(c)	251,183	281,368
Balance, end of year, Note 5, Exhibit A	$ 19,018,331	$ 17,275,202

SCHEDULE 1

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Education Support for the year ended December 31, 1987 (with 1986 figures for comparison)

	1987	1986
Operating:		
Block, Note 3	$ 329,138,148	$ 376,027,517
Equalization, Note 3	92,909,992	60,595,956
Guarantee, Note 3	39,299,245	-
Special services	38,357,200	37,678,920
Transportation	27,615,572	25,705,110
Curricula materials	7,361,852	7,349,648
Bilingualism	5,865,280	5,366,019
Vocational industrial	4,931,865	4,997,900
Language development for Natives	2,063,050	1,687,950
Inner city	1,906,520	1,380,755
Compensatory, Note 6	3,021,250	1,208,233
English as a second language	1,714,680	1,101,672
Small schools, Note 6	2,042,127	756,196
Heritage language	257,671	462,127
Loss of Treaty Indian enrolment	65,946	169,998
Early identification, Note 6	218,015	88,010
Capital:		
Debt servicing, Note 2(a) and Note 4	37,289,060	35,964,253
Other	6,422,274	6,532,647
Buses	3,745,193	4,734,155
Vocational equipment	1,424,249	1,472,248
Total education support, Exhibit B	$ 605,649,189	$ 573,279,314

SCHEDULE 2

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Administrative and Other Expenses for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Board members' indemnities	$ 95,595	$ 97,066
Staff salaries, Note 7	730,121	526,965
Professional services	46,779	37,291
Travel and sundry	26,118	43,573
Printing, stationery and supplies	46,906	44,635
Equipment, Note 2(a)	32,131	24,770
Telephone	16,175	13,423
Insurance	12,950	-
Equipment rentals	4,080	3,604
Interest charges on loans for advances of support	6,607,044	7,501,240
Total administrative and other expenses, Exhibit B	$ 7,617,899	$ 8,292,567

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to Financial Statements
December 31, 1987

1. Nature of the Board's Operations

The Public Schools Finance Board was established by The Public Schools Finance Board Act in April 1967. The objectives of the Board are to facilitate the financing of the Government Support to Education Program for school divisions and to assist boards of school divisions in the economic operation of the school system. The Board is responsible for the administration of the support provided under the Program.

2. Significant Accounting Policies

(a) The accounts of the Board are maintained on an accrual basis, except for debt servicing support which is expensed on a cash basis, and fixed asset purchases which are expensed in the year of acquisition.

(b) Education support requirements are determined in the first instance on the basis of financial budgets of school divisions. The amount of the funding requirements not covered by the Province is raised by municipal corporations. The excess or deficiency of revenue over expenditure is reflected in the municipal corporations' education support levies account.

(c) The education support for previous years is adjusted based on final statistical reports and audited financial statements of the school divisions. The statement of municipal corporations' education support levies account, Exhibit C, reflects the adjustment.

3. Guarantee

Manitoba Regulation 1/86 has been amended effective January 1, 1987 to provide school divisions with guaranteed support for block and equalization. For 1986, the regulation provided for similar support which was included within block and equalization. The support provided in 1987 for block, equalization and guarantee, totalling $461,347,385, is comparable to the support provided in 1986 for block and equalization, totalling $436,623,473.

4. Debt Servicing

The capital support portion of the Government support to Education Program includes payments made to service the debenture debt of the school divisions during the fiscal year. The Board has not, however, assumed the legal liability related to the repayment of such long-term debt.

5. Commitments

As at December 31, 1987, the Board has $2,171,949 (1986 - $1,160,682) in outstanding commitments for the purchase of school buses, and $501,234 (1986 - $504,765) for vocational equipment and other capital project approvals carried forward.

6. Comparability of Amounts

As a result of an accounting policy to reflect costs on a calendar year basis adopted in 1986, the 1986 comparative figures for compensatory, small schools and early identification support encompass only the fall term for 1986. The 1987 figures reflect the costs of the 1987 calendar year.

7. Cost Apportionment

The Government of the Province of Manitoba provides the Board with staff for administrative purposes. A portion of the employees' salaries is charged to the Board's operations. During the year, an initial review of services provided by employees of the Department of Education to the Board was carried out. As a result, a portion of salaries of eight additional employees has been charged to the Board's operations for 1987. This change accounts for an increase of $170,180 of the total increase in staff salaries.

The Board has initiated a further review to examine its mandate and structure with particular emphasis on the legislation incorporating it. This review may result in recommendations for changes to the Act or in changes to the basis of apportionment of administrative costs, including such costs as salaries and employee benefits, office space and utilities, borne by the Board under section 9(2) of the Act. Because this review is not complete, it is impractical for the Board to estimate any adjustments which would be required to these financial statements to ensure full compliance with the requirements of the Act to recover the costs of administering its programs. However, as an interim measure, the Board has increased the level of administrative costs borne by the Board as indicated in the preceding paragraph.

Manitoba

THE PUBLIC SERVICE GROUP INSURANCE FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Public Service Group Insurance Fund for the fiscal year ended April 30, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at April 30, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

March 29, 1988,
Winnipeg, Manitoba.

Exhibit A

THE PUBLIC SERVICE GROUP INSURANCE FUND

Balance Sheet
as at April 30, 1987
(with 1986 figures for comparison)

ASSETS

	1987	1986
Cash in bank	$ 28,834	$ 16,723
Investments at amortized cost, Note 2(a)(d), Schedule 4	23,313,677	20,960,566
Amounts Held By Canada Life Assurance Company:		
Employee's Group Life Insurance Plan Part of the Fund Note 5, Schedule 1	2,327,374	(482,579)
Disability Claims - Employee's Group Life Insurance Plan Part of the Fund	73,800	94,275
Rate Stabilization - Accidental Death and Disablement Plan Part of the Fund, Note 9, Schedule 2	942,317	619,105
Accrued interest on investments	387,210	554,346
	$27,073,212	$21,762,436

LIABILITIES

Accounts payable	$ 20,852	$ 75,019
Provision for investment losses, Note 2(d), Exhibit E	258,526	204,929
Reserve (Deficit) for current and future benefits for:		
Employee's Group Life Insurance Plan Part of the Fund, Note 6, Exhibit B	23,218,303	18,664,904
Accidental Death and Disablement Plan Part of the Fund, Note 11, Exhibit C	3,652,077	2,882,375
Dependents' Group Life Insurance Plan Part of the Fund, Note 16, Exhibit D	(76,546)	(64,791)
	$27,073,212	$21,762,436

Exhibit B

THE PUBLIC SERVICE GROUP INSURANCE FUND
Employee's Group Life Insurance Plan Part of the Fund
Statement of Operations and Change in the Reserve
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Income:		
Contributions, Note 2(c):		
Employees	$ 6,098,922	$ 5,700,384
Employers	2,312,229	2,161,134
Retired Employees	406,288	355,833
Total contributions	8,817,439	8,217,351
Investment income, Note 2(d):		
Interest	2,281,654	2,029,248
Amortization of discount	15,743	11,055
Transfer to provision for investment losses, Exhibit E	(51,443)	(46,765)
Total investment income	2,245,954	1,993,538
Total income	11,063,393	10,210,889
Expenditures:		
Premiums paid to Canada Life Assurance Company	8,599,589	7,986,962
Administration fee charged by The Civil Service Superannuation Board	66,113	61,596
Professional fees	51,940	10,310
Other	388	3,549
Total expenditures	8,718,030	8,062,417
Excess of income over expenditures	$ 2,345,363	$ 2,148,472

Change in the Reserve

	1987	1986
Balance at beginning of year	$18,664,904	$17,002,068
Excess of income over expenditures	2,345,363	2,148,472
Experience surplus (deficit) on Canada Life operations, Note 5, Schedule 1	2,208,036	(485,636)
Balance at end of year, Exhibit A	$23,218,303	$18,664,904

Exhibit C

THE PUBLIC SERVICE GROUP INSURANCE FUND
Accidental Death and Disablement Plan Part of the Fund
Statement of Operations and Change in the Reserve
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Income:		
Contributions, employers, Note 2(c)	$ 920,117	$ 882,589
Investment income:		
Investment income - interest	265,872	233,888
Transfer to provision for investment losses, Exhibit E	(6,841)	(5,636)
Total investment income	259,031	228,252
Total income	1,179,148	1,110,841
Expenditures:		
Premiums paid to Canada Life Assurance Company	671,685	644,290
Administration fee charged by The Civil Service Superannuation Board	6,919	6,620
Professional fees	5,437	1,108
Other	41	382
Total expenditures	684,082	652,400
Excess of income over expenditures	$ 495,066	$ 458,441

Change in the Reserve

	1987	1986
Balance at beginning of year	$ 2,882,375	$ 2,036,390
Excess of income over expenditures	495,066	458,441
Experience surplus on Canada Life operations, Note 9, Schedule 2	274,636	387,544
Balance at end of year, Exhibit A	$ 3,652,077	$ 2,882,375

Exhibit D

THE PUBLIC SERVICE GROUP INSURANCE FUND
Dependents' Group Life Plan Part of the Fund
Statement of Operations and Change in the Deficit
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Income:		
Contributions, Note 2(c):		
Employees	$ 471,282	$ 456,572
Retired employees	41,145	37,930
Total contributions	512,427	494,502
Bank interest	593	619
Total income	513,020	495,121
Expenditures:		
Premiums paid to Canada Life	512,427	494,502
Administration fee charged by The Civil Service Superannuation Board	3,844	3,742
Professional fees	3,020	626
Other	5,484	5,644
Total expenditures	524,775	504,514
Excess of expenditures over income	$ 11,755	$ 9,393

Change in the Deficit

	1987	1986
Deficit at beginning of year	$ 64,791	$ 55,398
Excess of expenditures over income	11,755	9,393
Deficit at end of year, Note 16 Exhibit A	$ 76,546	$ 64,791

Exhibit E

THE PUBLIC SERVICE GROUP INSURANCE FUND
Statement of Changes in the Provision for Investment Losses
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Employee's Group Life Insurance Plan Part of the Fund		
Balance at beginning of year	$ 193,229	$ 146,464
Premiums paid on bond purchases	(4,687)	-
Transfer in accordance with investment policy, Note 2(d), Exhibit B	51,443	46,765
Balance at end of year	$ 239,985	$ 193,229
Accidental Death and Disablement Plan Part of the Fund		
Balance at beginning of year	$ 11,700	$ 6,064
Transfer in accordance with investment policy, Note 2(d), Exhibit C	6,841	5,636
Balance at end of year	$ 18,541	$ 11,700
Total Provision at end of year, Exhibit A	$ 258,526	$ 204,929

Schedule 1

THE PUBLIC SERVICE GROUP INSURANCE FUND

Employee Group Life Insurance Plan Part of the Fund
Statement of Group Life Experience and Change in Amount Held by Canada Life Assurance Company
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Income:		
Premiums:		
Received from the Fund	$ 8,599,589	$ 7,986,962
Expenditures:		
Claims, Note 2(e):		
Death claims	6,160,733	7,887,752
Disability claims	-	321,000
Total claims	6,160,733	8,208,752
Charge for conversions	9,797	16,317
Risk charge	8,333	7,920
Premium taxes	135,294	159,739
Retention charge	77,396	79,870
Total expenditures	6,391,553	8,472,598
Experience surplus (deficit) on operations, Note 5, Exhibit B	$ 2,208,036	$ (485,636)

Amount held by Canada Life Assurance Company

	1987	1986
Balance at beginning of year	$ (482,579)	$ 202,958
Experience rebate paid (to) by the Fund	482,579	(202,958)
Experience surplus (deficit) on operations	2,208,036	(485,636)
Transfer from Disability Claims	20,475	3,600
Interest credited (charged)	98,863	(543)
Balance at end of year, Note 6, Exhibit A	$2,327,374	$ (482,579)

Schedule 2

THE PUBLIC SERVICE GROUP INSURANCE FUND
Accidental Death and Disablement Plan Part of the Fund
Statement of Accidental Death and Disablement Experience and
Change in Amount Held By Canada Life Assurance Company
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Income:		
Premiums received from the Fund	$ 671,685	$ 644,290
Expenditures:		
Death claims, Notes 2(e)	364,962	227,287
Claims charge	1,645	1,125
Retention charge	6,045	6,443
Risk charges	6,818	6,480
Premium taxes	13,434	12,886
Legal Fees	4,145	2,525
Total expenditures	397,049	256,746
Experience surplus on operations, Note 9, Exhibit C	$ 274,636	$ 387,544
Amount Held by Canada Life Assurance Company		
Balance at beginning of year	$ 619,105	$ 1,020,241
Experience rebate paid to the Fund	-	(820,241)
Experience surplus on operations	274,636	387,544
Interest credited	48,576	31,561
Balance at end of year, Note 9, Note 11, Exhibit A	$ 942,317	$ 619,105

Schedule 3

THE PUBLIC SERVICE GROUP INSURANCE FUND

Dependents' Group Life Plan Part of the Fund
Statement of Dependents' Group Life Experience and
Change in the Deficit Reported by Canada Life Assurance Company
for the year ended April 30, 1987
(with 1986 figures for comparison)

	1987	1986
Income:		
Premiums received from the Fund	$ 512,427	$ 494,502
Expenditures:		
Death claims, Note 2(e)	411,500	488,000
Expenses	6,094	6,420
Conversion charges	1,510	3,115
Premium taxes	10,249	9,890
Total expenditures	429,353	507,425
Experience surplus (deficit) on operations, Note 14	$ 83,074	$ (12,923)

Change in the Deficit Reported by Canada Life Assurance Company		
Deficit at beginning of year	$ 171,473	$ 158,550
Experience (surplus) deficit on operations	(83,074)	12,923
Deficit at end of year, Note 15	$ 88,399	$ 171,473

Schedule 4

THE PUBLIC SERVICE GROUP INSURANCE FUND

Summary of Investments

as at April 30, 1987

	Par Value	Book Value
Short term investments with the Minister of Finance		$14,365,142
		14,365,142
Bonds and debentures:		
Government of Canada	$ 8,500,000	8,460,410
Ontario Hydro	500,000	488,125
	$ 9,000,000	8,948,535
Total investments - Exhibit A		$23,313,677
Allocation to the Plan Parts, Note 2(a):		
Employee Group Life Insurance Plan Part of the Fund		20,577,151
Accidental Death and Disablement Plan Part of the Fund		2,736,526
		$23,313,677

THE PUBLIC SERVICE GROUP INSURANCE FUND
Notes to Financial Statements
for the year ended April 30, 1987

1. Nature of operation:

The Public Servants Insurance Act provides for the establishment of a Fund to be known as the Public Service Group Insurance Fund. The Fund is responsible for the administration of the group insurance policies entered into by the Government and the Insurer. The Fund's operations are split into three parts and reported separately for:

the Employee's Group Life Insurance Plan Part
the Accidental Death and Disablement Plan Part, and
the Dependents' Group Life Insurance Plan Part.

This split is consistent with the financial arrangements with the Insurance Company.

2. Significant accounting policies:

The Fund's fiscal year coincides with the insurance policy year. The financial statements reflect the results of transactions based on the following significant accounting policies:

(a) Funds available for investment are pooled and in order to allocate investment income, the investments acquired are allocated to the Plans on the basis of their accumulated reserves.

(b) Direct costs are charged to each Plan. The Civil Service Superannuation Board administration fee and other administration costs that are not identified as direct costs are allocated between Plans based on the proportion of each Plan's contributions to total contributions for all Plans.

(c) Contributions include an accrual in respect of the partial insured period ending April 30th for each insurance policy year.

(d) The provision for investment losses, shown in the Balance Sheet, does not reflect a valuation of the investments, but is maintained to stabilize and even out the investment income.

The investment income measurement policies consist of:

Premiums on bonds and debentures in excess of one percent of par value are amortized on a straight line basis over the remaining term and are charged to the provision for investment losses. All other premiums on investments are charged to the provision in the year of acquisition.

Discounts on bonds and debentures within or equal to one percent of par value are credited to income in the year of acquisition. All other discounts on investments are amortized on a straight line basis over the remaining or renewable term and are credited to income.

Investment income is reduced annually by 1/4 of 1% of the book value of investments to a maximum of the provision not exceeding 3% of the book value of the investments and the amount of the reduction is credited to the provision.

Differences between amounts realized from the redemption or sale of investments and their book value are reflected in the provision.

(e) Claims recorded also include claims for a fiscal year which were processed within five months after the fiscal year end. There were no reported claims unrecorded as at April 30, 1986 and April 30, 1987.

3. Actuarial reports:

The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, a triennial actuarial valuation and report is required to be made on the status of the Fund. The actuarial report as at December 31, 1985 disclosed an actuarial surplus of $6,815,225 in the Employees' Group Life Insurance Plan Part of the Fund, an actuarial surplus of $4,285,997 in the Accidental Death and Disablement Insurance Plan Part of the Fund, and an actuarial surplus of $8,825 in the Dependents' Group life Insurance Plan Part of the Fund.

Employee's Group Life Insurance Plan Part of the Fund

4. Maximum group life insurance coverage:

Effective July 1, 1984 the maximum amount of Employees' Group Life Insurance was increased to four times annual salary to a maximum annual salary of $37,500 providing insurance of $150,000, plus a dividend to a maximum of $8,025, amounting to total maximum coverage of $158,025.

5. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Group Life Insurance Policy (Schedule 1). The Insurer agrees to pay the full amount of any surplus determined, less any deficits carried forward from prior years. If there is a deficit, the Fund and the Insurer shall determine the method of repayment.

6. Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date. If on the final settlement date there is a surplus, after taking into account any surplus or deficit carried forward from previous years, the Insurer will pay the surplus as a final refund to the Fund. If there is a deficit, after taking into account any surplus or deficit carried forward from prior years, the Fund will pay the Insurer the amount of such deficit out of its Employee's Group Life Insurance Reserve and to the extent that such reserve is insufficient, payment will be made by the Province of Manitoba.

7. Interest:

Interest will be added to any surplus or deficit from the end of the policy year on which the surplus or deficit is incurred, to the date of payment or recovery. The rates of interest are negotiated with the Insurer annually.

8. Maximum claim charge:

The claim charge to the Employee's Group Life Insurance Plan arising from a multiple death catastrophe is subject to an overall maximum of $450,000 being three times the maximum individual claim with any excess absorbed by the Insurance Company.

Accidental Death and Disablement Plan Part of the Fund

9. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Accidental Death and Disablement Benefit Policy (Schedule 2). The surplus or deficit at the end of the policy year will be carried forward and accumulated for the three year policy period which began May 1, 1985. The cumulative net surplus, if any, will be paid to the Fund as an experience rating refund after the three year policy period. The cumulative net deficit, if any, will be carried forward to be recovered against future surplus.

10. Interest:

Interest will be added to any surplus or deficit from the end of the policy year in which the surplus or deficit is incurred to the date of payment or recovery. The rates of interest are negotiated with the Insurer annually.

11. Termination:

If this policy is terminated, the surplus or deficit will be determined on a final settlement date. If on the final settlement date there is a surplus, after taking into account any surplus or deficit carried forward from previous years, the Insurer will pay the surplus as a refund to the Fund. If there is a deficit, after taking into account any surplus or deficit carried forward from previous years, the Fund will pay the Insurer the amount of such deficit out of its Accidental Death and Disablement Reserve and to the extent that such reserve is insufficient, payment will be made by the Province of Manitoba.

12. Maximum claim charge:

The claim charge to the Accidental Death and Disablement Plan arising from a multiple death catastrophe is subject to an overall maximum of $225,000 being three times the maximum individual claim with any excess absorbed by the Insurance Company.

13. As at April 30, 1985 an amount of $200,000 was withheld in a reserve for two denied claims which subsequently were settled for $77,500. The balance will be refunded at the end of the three year policy term which expires April 30, 1988.

Dependent's Insurance Plan Part of the Fund

14. Experience rating:

The Insurer will, after the end of each policy year, determine whether a surplus or deficit has been incurred in accordance with the terms of the Dependent's Insurance Policy (Schedule 3). If there is a surplus at the end of a policy year, after taking into account any deficit carried forward from previous years, the Insurer will pay the surplus to the Fund.

15. Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date. The Insurer will pay the Fund any cumulative surplus after taking into account surplus or deficits carried forward from previous years. Any cumulative net deficit will be written off by the Insurer (Schedule 3).

16. Reserve (Deficit):

The Dependent's Group Life Insurance Plan Reserve for Current and Future Benefits is in a deficit position (Exhibit D). This deficit will only be recoverable if the Dependent's Group Life Insurance Plan Part of the Fund generates a surplus. Upon the authorization of the Board, any deficit remaining at the completion of the term will have to be absorbed by the other Parts of the Fund.

The actuarial projections are favourable and the deficit is considered recoverable from future surplus.

Manitoba

THE PUBLIC TRUSTEE OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Public Trustee of Manitoba for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of affairs of the estates and trusts under jurisdiction of the Public Trustee as at March 31, 1988 and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson
F. H. Jackson, CA,
Provincial Auditor.

September 13, 1988
Winnipeg, Manitoba.

GOVERNMENT OF THE PROVINCE OF MANITOBA

EXHIBIT A

The Public Trustee of Manitoba

Balance Sheet of estates and trusts under administration as at March 31, 1988 (with 1987 figures for comparison)

ASSETS	1988	1987
Cash on hand and in bank:		
General	$ 830,925	$ 316,692
Accountable advance	2,069	401,495
	832,994	718,187
Expenditures recoverable from estates and trusts (Note 2 (a))	8,006	7,678
Investments (Note 6)	85,842,815	79,648,158
Annuity contracts (Note 2(d))	2,262	2,242
Accounts receivable (Note 2(e))	140,629	100,962
Rentals receivable (Note 2(e))	15,905	2,200
Notes receivable, principal (Note 2(f))	147,768	121,171
Mortgages and agreements receivable (Note 2(f))	139,520	70,040
Interests in other estates (Note 2(g))	415	3,546
Real estate (Note 2(h))	5,074,682	3,044,043
	$ 92,204,996	$83,718,227

LIABILITIES		
Liabilities of estates:		
Mortgages, notes and agreements payable (Note 2(i)	$ 7,732	$ 88,892
Public Trustee, fees payable (Note 3)	22,792	18,780
	30,524	107,672
Government of the Province of Manitoba:		
The Public Trustee accountable advance	10,000	10,000
Administrative fees payable (Note 2(B))	60	399,173
	10,060	409,173
Estates and trusts under administration: (Note 2)		
Excess of recorded value of assets over liabilities:		
The Mental Health Act	64,451,106	57,815,836
The Public Trustee Act	27,713,306	25,385,546
	$ 92,204,996	$83,718,227

EXHIBIT B

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Statement of Cash Receipts and
Disbursements
for the year ended March 31, 1988
(with 1987 figures for comparison)

RECEIPTS

	1988	1987
Funds held by estates and trusts brought under administration	$ 8,028,785	$ 7,923,254
Realization of equities in other estates	1,282,775	924,642
Pensions, compensation and assistance	11,335,840	10,260,995
Sickness, disability and other insurance benefits	1,487,627	1,261,796
Collections on account of:		
Accounts receivable	81,050	56,082
Rentals and leases receivable	171,856	178,294
Mortgages and agreements receivable	47,830	31,079
	300,736	265,455
Sale of chattels	199,422	86,563
Sale of real estate	2,209,793	1,406,634
Interest - bonds and investment certificates	8,709,433	8,290,239
Dividends	82,369	114,454
Bank interest	94,372	70,222
Total receipts, before sale or redemption of securities	33,731,152	30,604,254
Sale or redemption of securities	70,511,256	50,571,608
Cash on hand and in bank at beginning of year	316,692	1,157,893
	$104,559,100	$82,333,755

DISBURSEMENTS

	1988	1987
Payments on account of:		
Accounts payable discharged	$ 193,457	$ 156,457
Mortgages and agreements payable	237,731	119,687
Real estate purchases	7,510	30,435
	438,698	306,579
Maintenance:		
Maintenance incurred in hospitals prior to June 30, 1958 (Note 8)	(5,213)	141,582
Board, room and other expenses (Note 4)	12,082,741	10,653,019
	12,077,528	10,794,601
Preservation of estates:		
Realty and income taxes	826,654	843,547
Insurance	75,283	46,877
Repairs	188,042	66,600
Sundry	688,691	597,531
	1,778,670	1,554,555
Support of dependents	69,107	72,524
Administration and passing of accounts (Note 3)	2,692,417	2,602,893
Burial expenses	645,913	556,057
Estates and trusts released from administration	10,117,570	8,454,163
Total disbursements, before purchase of securities	27,819,903	24,341,372
Purchase of securities	75,908,272	57,675,691
Cash on hand and in bank at end of year	830,925	316,692
	$104,559,100	$82,333,755

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1988

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1. Role and Objective

The Public Trustee acts on behalf of persons affected by various disabilities, mental disorders, age and death. The Public Trustee is considered to be an appointment of last resort and therefore provides a public service, generally, where there is no competent or acceptable person available to provide the required service.

2. Significant Accounting Policies

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the position on a modified accrual basis with the following exceptions:

A. Assets

All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings.

B. Liabilities

Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(i).

The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

a) Expenditures Recoverable from Estates and Trusts

Expenditures recoverable from estates and trusts represent disbursements made on behalf of estates or trusts for which funds were not immediately available; these expenditures will be charged to the estates or trusts concerned in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of the Attorney-General, Government of the Province of Manitoba.

b) Common Fund Investments

Investments of the common fund, established pursuant to Section 11(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

c) Shares of Capital Stock and Mutual Funds

(i) Mental Health and Infant Trusts

The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.00.

Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1.00 where market value is not readily available.

All shares purchased by the Public Trustee are recorded at cost.

(ii) Estates of Deceased Persons

Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares purchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1.00 are used.

Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $1,851,625 (1987 - $2,247,342), with the balance of the account representing share certificates of a nominal value of $1.00 each.

d) Annuity Contracts

Determinable receivables amount to $1,885 at March 31, 1988 (1987 - $1,885), with the balance of the account represented by receivables recorded at a nominal value of $1.00 each.

e) Accounts Receivable and Rentals Receivable

Determinable accounts receivable and rentals receivable amount to $155,815 at March 31, 1988 (1987 - $102,533), with the balance of the account represented by accounts and rentals receivables recorded at a nominal value of $1.00 each.

f) Notes, Mortgages and Agreements Receivable

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is not recorded by the Public Trustee until such time as it is received.

g) Interests in Other Estates

Determinable interests in other estates amounts to $356 at March 31, 1988 (1987 - $3,492), with the balance of the account represented by interests in other estates recorded at a nominal value of $1.00 each.

h) Real Estate

Real estate is valued at estimated market value and amounts to $5,074,403 at March 31, 1988 (1987 - $3,043,726); the balance of the account, represented by burial plots, mines and mineral rights and mobile homes are recorded at a nominal value of $1.00 each.

i) Mortgages, Notes and Agreements Payable

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is not recorded until it is paid.

3. Administration Fees

Under Section 14 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

4. Board, Room and Other Expenses

Board, room and other expenses reflect payments made for current general living expenses, including clothing, comforts, medical, nursing home costs, etc., during periods of supervision, probation and hospitalization.

5. Administration Costs

Administration costs of the Public Trustee of Manitoba are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

6. Investments

	1988	1987
Common fund investments (Notes 2 (b) and 7)	$71,869,699	$67,182,224
Term deposits, investment certificates and treasury bills, at par value	3,676,788	2,079,433
Government of Canada and other bonds, at par value	8,444,703	8,139,089
Shares of capital stock and mutual funds (Note 2(c))	1,851,625	2,247,412
	$85,842,815	$79,648,158

7. Common Fund - Summary of Investments (Note 6)

The investments of the Common Fund consist of the following:

	1988 Par Value	1988 Book Value	1987 Book Value
Term deposits and investment certificates	$ 6,600,000	$ 6,600,000	$ 8,600,000
Government of Canada bonds	38,575,000	40,466,492	34,768,415
Province of British Columbia bonds	2,850,000	2,942,030	1,404,661
Province of Manitoba bonds	200,000	199,388	4,387,218
Province of Ontario bonds	1,900,000	1,899,828	1,897,925
Province of Quebec bonds	1,000,000	996,797	-
Ontario Hydro-Electric bonds	17,827,000	18,252,905	14,891,816
Federal Business Development Bank	500,000	512,259	533,225
Federal Business Development Bank Euro-Canadian debentures	-	-	698,964
	$69,452,000	$71,869,699	$67,182,224

8. Maintenance Incurred in Hospitals Prior to June 30, 1958

Debts owing by individuals to the Government of the Province of Manitoba for services provided by hospitals up to June 30, 1958 were cancelled and discharged pursuant to Order-in-Council 852/88.

9. Statutory Fees and Costs

Under Section 3(3) and Section 4 of the Public Trustee Act and Section 12 of the Infant Trust Act, the Public Trustee of Manitoba provides legal services for estates and trusts not under his administration. Fees and court awarded costs collected and remitted to the Government of the Province of Manitoba amounted to $13,216 for the year ended March 31, 1988 (1987 - $28,047). These amounts are not reflected in the financial statements.

Manitoba

THE TEACHERS' RETIREMENT ALLOWANCES FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C and Schedules 1 and 2, of The Teachers' Retirement Allowances Fund for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor

May 20, 1988
Winnipeg, Manitoba

Exhibit A

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Balance Sheet
as at December 31, 1987
(with 1986 figures restated for comparison)

ASSETS

	1987	1986
Investments, Schedule 1	$524,303,273	$466,042,597
Unamortized net adjustment to book value of securities sold before maturity	64,677	92,923
Accrued interest on investments	5,573,218	5,395,267
Investment income receivable	1,656,826	1,511,723
Teachers' contributions receivable from school divisions	2,626,623	2,234,808
Receivable from Government of the Province of Manitoba	566,531	533,577
Computer equipment, at cost less accumulated amortization of $107,486 (1986 - $67,168), Note 2(F)	124,164	104,495
Cash on hand and in bank (book overdraft)	471,561	(307,773)
	$535,386,873	$475,607,617

LIABILITIES

	1987	1986
Accounts payable	$ 512,818	$ 394,089
Money Purchase Account, Note 4, Exhibit C	28,323	19,444
Provision for Fund's share of employees' pension benefits, Note 2(E)	572,862	512,239
	1,114,003	925,772
Benefit Reserves, Exhibit B:		
Reserves for teachers' share of benefits:		
Basic	489,280,194	434,665,462
Pension indexing adjustments	43,354,910	38,563,706
Reserves for employers' share of benefits:		
Manitoba Teachers' Society	1,491,174	1,317,901
Manitoba Association of School Trustees	146,592	134,776
	534,272,870	474,681,845
	$535,386,873	$475,607,617

Exhibit B

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Statement of Changes in Benefit Reserves
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987					1986
	Reserve for Teachers' Share of Benefits		Reserve for Employers' Share of Benefits			
	Basic	Pension Indexing Adjustments	Manitoba Teachers' Society	Manitoba Association of School Trustees	Total	Total
Additions:						
Contributions:						
Teachers	$ 28,521,205	$ 5,145,611	$ --	$ --	$ 33,666,816	$ 32,889,796
Province of Manitoba:						
Share of benefits charged	20,760,037	--	--	--	20,760,037	18,681,771
Re: Actuarial liability created by 1970 and 1973 amendments	1,613,300	--	--	--	1,613,300	1,613,300
Prior rural service of certain Winnipeg teachers	122,664	--	--	--	122,664	127,460
Manitoba Teachers' Society	--	--	72,541	--	72,541	68,589
Manitoba Association of School Trustees	--	--	--	8,296	8,296	8,106
Other - Transfers under reciprocal agreements	1,541,418	--	--	--	1,541,418	687,658
Transfer from Money Purchase Account, Exhibit C	38,753	--	--	--	38,753	135,725
Total contributions	52,597,377	5,145,611	72,541	8,296	57,823,825	54,212,405
Investment Income, Schedule 2, Note 2	43,157,765	4,375,479	134,625	14,042	47,681,911	46,935,383
Total additions	95,755,142	9,521,090	207,166	22,338	105,505,736	101,147,788
Deductions:						
Pensions paid	37,110,533	4,729,886	33,893	10,522	41,884,834	36,771,093
Contributions refunded	2,013,279	--	--	--	2,013,279	1,743,922
Transfers under reciprocal agreements	1,055,909	--	--	--	1,055,909	1,112,877
Administrative expenses	960,689	--	--	--	960,689	822,969
Total deductions	41,140,410	4,729,886	33,893	10,522	45,914,711	40,450,861
Net increase for year	54,614,732	4,791,204	173,273	11,816	59,591,025	60,696,927
Balance at beginning of year	434,665,462	38,563,706	1,317,901	134,776	474,681,845	413,984,918
Balance at end of year, Exhibit A	$489,280,194	$43,354,910	$1,491,174	$146,592	$534,272,870	$474,681,845

Exhibit C

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Statement of Money Purchase Account
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Additions:		
Deposits	$ 45,756	$ 33,304
Allocation of interest income net of administration fee	1,876	876
	47,632	34,180
Deductions:		
Transfer to basic reserve, Exhibit B:		
Upon election of annuity	38,753	14,444
For transfer to other plans	--	121,281
	38,753	135,725
Increase (decrease) for the year	8,879	(101,545)
Balance at beginning of year	19,444	120,989
Balance at end of year, Exhibit A	$ 28,323	$ 19,444

Schedule 1

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investments
as at December 31, 1987

	Par Value	Book Value
Fixed income longer term investments, Note 2(B)(i):		
Bonds and other debt instruments issued by, or guaranteed by, the following:		
Canada	$ 58,683,625	$ 46,682,414
Province of Alberta	165,000	164,917
Province of British Columbia	463,000	461,450
Province of Manitoba	23,335,000	23,308,535
Province of New Brunswick	915,000	912,780
Province of Newfoundland	1,050,000	1,044,780
Province of Nova Scotia	270,000	268,616
Province of Ontario	15,022,375	9,643,925
Province of Prince Edward Island	740,000	732,936
Province of Quebec	560,000	559,046
Province of Saskatchewan	700,000	697,865
Hospital Districts	6,365,000	6,353,508
Municipal corporations	10,530,362	10,511,934
Corporations	75,659,945	73,947,823
	194,459,307	175,290,529
Mortgages:		
Insured:		
National Housing Act (Canada)	110,708,583	110,202,454
Other	4,570,561	4,519,435
Uninsured	15,346,505	15,304,847
	130,625,649	130,026,736
Total fixed income longer term investments at amortized cost		305,317,265
Less: Provision for capital losses		2,322,194
Net fixed income longer term investments, carried forward		$302,995,071

Schedule 1

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investments as at December 31, 1987

	Book Value
Brought Forward	$302,995,071
Non-fixed income investments, Note 2(B)(ii):	
Real estate equity investments:	
Common shares	29,515,995
Participating bonds	43,027,120
Qualifying shares	60,000
Total real estate equity investments, at appraised values	72,603,115
Less: Provision for valuation declines	2,500,534
Net real estate equity investments	70,102,581
Direct natural resource investments:	
Shares and notes, at cost plus interest in retained earnings	18,223,935
Investment in subsidiary, Note 3	3,793,825
Total direct natural resource investments	22,017,760
Venture capital equity investments, at appraised values	17,769,456
Less: Provision for valuation declines	133,000
Net venture capital equity investments	17,636,456
Real estate acquired through mortgage defaults	5,301,405
Total non-fixed income investments	115,058,202
Short term notes, at cost	106,250,000
Total Investments, Exhibit A	**$524,303,273**

Schedule 2

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Summary of Investment Income
for the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Fixed income longer term investments, Note 2(B)(i):		
Interest	$29,199,393	$28,441,356
Amortization of discounts and premiums	1,577,462	927,614
	30,776,855	29,368,970
Less: Allocation to provision for capital losses	714,640	601,650
	30,062,215	28,767,320
Non-fixed income investments, Note 2(B)(ii):		
Real estate equity:		
Interest and dividends	5,781,669	4,953,529
Adjustment due to changes in book value of investments	2,371,071	437,958
	8,152,740	5,391,487
Direct natural resources:		
Income from subsidiary	309,671	579,721
Dividends	615,745	659,560
Adjustment due to change in book value of subsidiary	(1,301,100)	--
	(375,684)	1,239,281
Venture capital equity:		
Income	890,569	1,894,068
Adjustments due to changes in book value of investments	(360,500)	556,500
	530,069	2,450,568
Mortgage investment corporation:		
Dividends	57,080	--
Canadian Commercial Bank:		
Adjustment due to changes in book value of investments	--	(299,995)
	--	(299,995)
Income from real estate acquired through mortgage defaults	507,210	603,946
Short term notes:		
Interest	8,805,771	8,834,164
Total investment income	47,739,401	46,986,771
Allocated to:		
Provision for Fund's share of employees' pension benefits	(55,614)	(50,512)
Money Purchase Account, net of administration fee	(1,876)	(876)
Net Investment Income, Exhibit B	$47,681,911	$46,935,383

THE TEACHERS' RETIREMENT ALLOWANCES FUND

Notes to the Financial Statements
for the year ended December 31, 1987

1. **Nature of the Organization:**

The Teachers' Retirement Allowances Fund Board was originally constituted under an Act passed at the 1925 session of the Legislature and is responsible for administering the current legislation, The Teachers' Pensions Act. The Act provides for the establishment and maintenance of a pension plan and fund to provide retirement security for all public school teachers in Manitoba.

The Teachers' Retirement Allowances Fund primarily consists of contributions made by teachers and provides funds to meet half the cost of retirement benefits.

2. **Significant Accounting Policies:**

The significant accounting policies are summarized below:

(A) The Fund follows the accrual basis of accounting in all cases where the amount of the accrual is material, specifically teacher contributions and investment income.

(B) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Income on fixed income investments includes the net effect of amortization of discounts and premiums on securities held as well as amortization of book losses on bonds sold before maturity in order to acquire other securities for an increase in net yield.

One quarter of 1% of the weighted average monthly book value during the year of fixed income longer term investments is allocated to a provision for capital losses and any actual losses realized are charged against the provision.

(ii) Non-fixed income investments:

Where valuation information is available, which is considered by management to be reliable, equity investments are adjusted to reflect the change in their values. One-half of any unrealized appreciation is taken into income in the year and the balance is credited to the provision for valuation declines. In any year that the valuations decrease, the whole of the decrease is charged to the provision. When an investment is sold, the balance in the provision pertaining to the investment sold is transferred to income.

(a) Investment in subsidiary:

The investment in subsidiary is accounted for on the equity method. On this basis the net change in the equity of the wholly owned subsidiary, Teachers' Retirement Resources Investment Corporation of Manitoba Inc., is recognized as income or expense to the Fund and changes the carrying value of the investment.

(b) Real estate acquired through mortgage defaults:

Properties taken over by the Fund as a result of mortgage defaults are recorded at cost. These properties presently provide the Fund with rental income and will be sold when economic conditions are favorable.

(C) Pension indexing adjustment reserve:

An allocation of teachers' contributions is made to the reserve in accordance with the Act. Interest is allocated to the reserve on the basis of the average rate earned by the Fund on all fixed income investments in the Fund.

Cost of living pension adjustment payments are calculated effective July 1 in each year and are based on the lesser of the increase in the Canadian Consumer Price Index for the preceding calendar year, or the amount, determined by an actuarial review, that could be paid without resulting in an unfunded liability in the reserve.

(D) Actuarial valuation:

The financial statements do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, an actuarial valuation and report is required every 3 years. The most recent actuarial report as at January 1, 1987, disclosed a surplus of $29,412,601 compared to a surplus of $37,677,206 at January 1, 1984.

(E) Provision for Fund's share of employees' pension benefits:

A portion of the Fund was allocated to provide for the Fund's accrued actuarial liability based on an actuarial report at December 31, 1980. The report provided a method of allocating funds to the Provision each year between triennial valuations to recognize the annual increase in this liability and for adjustments to be made for actual experience at each valuation. Transactions affecting the Provision in 1987 and 1986 were as follows:

	1987	1986
Balance, beginning of year.............	$512,239	$439,233
Charged to Administrative expenses		
Adjustment re Actuarial Valuation at December 31, 1986..............	(28,639)	--
Required employer contributions...	33,648	23,773
Interest allocated from investment income..........................	55,614	50,512
	572,862	513,518
Less: Fund's share of pension payments.....................	--	1,279
Balance, end of year...................	$572,862	$512,239

(F) Computer Equipment:

Computer equipment and software acquisitions are capitalized and amortized on a straight line basis over five years.

3. Investment in Subsidiary:

The Teachers' Retirement Resources Investment Corporation of Manitoba Inc. (TRRICMI), a wholly owned subsidiary of the Fund, was incorporated on July 13, 1983, for the purpose of participating in the energy resource sector on behalf of the Fund.

The Fund's investment in TRRICMI is comprised of:

	1987	1986
Shareholder's advances............	$4,785,154	$6,525,816
Capital stock.....................	100	100
Retained earnings (deficit).......	(991,429)	579,760
Investment in subsidiary..........	$3,793,825	$7,105,676

Subsequent to the year end, and before preparation of these statements, it was determined that, largely because of the accounting treatment followed in the past, the carried value of the Fund's investment in TRRICMI was significantly in excess of realizable value. Accordingly, the carried value of this investment has been written down by $1,301,100 to $3,793,825, and the book loss has been applied as an adjustment of 1987 investment income. Also, after the year end, the investments held in TRRICMI were transferred to the Fund and exchanged for shares of an equivalent value in a different pension resource corporation (Exchange Resources Ltd.).

4. Money Purchase Account:

The Teachers' Retirement Allowances Fund Board has established rules for the Money Purchase Account in accordance with Section 74 of The Teachers' Pensions Act. Under these rules, eligible individuals may transfer to the Money Purchase Account an amount from the Fund, the pension plan of a prior employer, or a locked-in registered retirement savings plan, to provide for an annuity or other settlement in the future. The Money Purchase Account is accounted for separately by the Board. The Board charges an annual administrative fee of 1% of the average value of the assets in the plan. The accumulated value of the eligible individual's account, upon election of an annuity under the Money Purchase Account, is transferred to the Basic Benefit Reserve.

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Consulting Partner:
R.A. MEYERS, F.C.A.

7th July 1988

The Members of the Board
Turtle Mountain Conservation District No. 4

AUDITORS' REPORT

We have examined the balance sheet of Turtle Mountain Conservation District No. 4 as at 31st March 1988 and the statements of operations and surplus (deficit) for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at 31st March 1988 and the results of its operations for the year then ended in accordance with accounting principles as described in Note 1 to the financial statements applied on a basis consistent with the preceding period.

Meyers Norris Penny /Co
Chartered Accountants

STATEMENT 1

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

BALANCE SHEET AS AT 31ST MARCH 1988

	1988	1987
ASSETS		
CURRENT ASSETS		
Cash	50,968	34,392
Accounts receivable - Note 3	1,969	7,217
Inventory	4,701	
	57,638	41,609
FIXED ASSETS - Note 4	9,088	11,023
	66,726	52,632
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	57	5,632
Unearned revenue	5,970	970
	6,027	6,602
SURPLUS		
GENERAL BOARD PROGRAM - Statement 2	39,036	37,415
SUB-DISTRICT PROGRAM - Statement 3	9,914	1,124
EQUIPMENT PROGRAM - Statement 4	11,749	7,491
	60,699	46,030
	66,726	52,632

STATEMENT 2

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS - GENERAL BOARD PROGRAM

FOR THE YEAR ENDED 31ST MARCH 1988

	1988 12 Months	1987 15 Months
REVENUE		
Municipal levies	26,540	26,540
Province of Manitoba	130,254	125,398
Ducks Unlimited grant		6,962
Soils Committee	25,397	17,331
Recreation Committee	440	656
Miscellaneous	2,760	3,599
Interest	341	476
	185,732	180,962
Transfer from Equipment Reserve		5,000
Transfer from Equipment Program		2,580
	185,732	188,542
EXPENDITURES		
Administrative		
Administration		
- Conservation District Authority		429
- General	20,589	21,353
- Local	550	397
Board and committee remuneration	7,124	10,697
Depreciation - office equipment	342	424
- support program	70	549
District Supervisor - salary	31,458	37,838
- expenses	5,913	5,880
Program support assistance		3,817
Public relations	272	132
Professional education and development	896	
	67,214	81,516
Special Programs		
Demonstration programs	1,300	557
Forage seed assistance	54,616	45,936
Gully stabilization	2,482	5,183
Public education	40,953	3,838
Recreation Committee	60	641
Road Allowance Program	2,907	4,896
Shelter-belt Program	5,028	3,628
Wildlife Habitat Improvement - uplands	9,551	27,848
	116,897	92,527
TOTAL EXPENDITURES	184,111	174,043
EXCESS OF REVENUE OVER EXPENDITURES	1,621	14,499
SURPLUS		
Balance - Beginning of year	37,415	22,916
Balance - End of year	39,036	37,415

STATEMENT 3

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT) - SUB-DISTRICT PROGRAM

FOR THE YEAR ENDED 31ST MARCH 1988

	Upper Pembina #59	Waskada Creek #65
REVENUE		
Municipal levies	7,804	8,592
Province of Manitoba	24,726	32,005
Municipal grant		
	32,530	40,597
EXPENDITURES		
Runway stabilization	23,523	42,673
Water storage	9,445	
Ditch		
	32,968	42,673
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(438)	(2,076)
SURPLUS		
Balance (deficit) - Beginning of year	1,798	(1,433)
Balance (deficit) - End of year	1,360	(3,509)

STATEMENT 3

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT) - SUB-DISTRICT PROGRAM

FOR THE YEAR ENDED 31ST MARCH 1988

Medora Creek #66	Chain Lakes #67	Elgin Creek #68	Total 1988 12 Months	Total 1987 15 Months
10,410	2,792	9,254	38,852	38,852
9,497	6,601	10,811	83,640	122,716
				9,210
19,907	9,393	20,065	122,492	170,778
12,663	8,802	14,415	102,076	157,489
			9,445	6,131
		2,181	2,181	
12,663	8,802	16,596	113,702	163,620
7,244	591	3,469	8,790	7,158
(2,442)	88	3,113	1,124	(6,034)
4,802	679	6,582	9,914	1,124

STATEMENT 4

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

STATEMENT OF OPERATIONS AND SURPLUS - EQUIPMENT PROGRAM

FOR THE YEAR ENDED 31ST MARCH 1988

	1988 12 Months	1987 15 Months
REVENUE	10,461	10,335
EXPENDITURES		
Repairs and maintenance	3,850	3,602
Depreciation	2,353	2,687
	6,203	6,289
EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	4,258	4,046
TRANSFER TO GENERAL BOARD PROGRAM		2,580
EXCESS OF REVENUE OVER EXPENDITURES	4,258	1,466
SURPLUS		
Balance - Beginning of year	7,491	6,025
Balance - End of year	11,749	7,491

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1988

NOTE 1 - PURPOSE

To promote, support, and assist in research and action programs to aid in the conservation of the natural resources of the district and to make the public aware of its efforts to achieve these goals.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The Conservation District follows generally accepted accounting principles except that land acquired for conservation purposes is expensed in the year in which expenditures are made. Land is not shown as a fixed asset.

Significant accounting policies are as follows:

Revenue Recognition

Revenues are recognized in the year that the related expenses are incurred. Grants received and not applied in the current year are deferred to future periods and recognized with related expenditures in those future periods.

Inventory

Inventory is recorded at cost.

Fixed Assets and Depreciation

Fixed assets are recorded at cost with depreciation being recorded on the straight line method at the following rates:

Office equipment	15%
Program Support equipment	
- Hudson sprayer	15%
- Even-spray sprayer	10%
Field equipment	
- tractor	15%
- other	10%

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable are composed of the following:

	1988	1987
Trade accounts	1,486	905
Province of Manitoba	483	6,312
	1,969	7,217

TURTLE MOUNTAIN CONSERVATION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1988

NOTE 4 - FIXED ASSETS

The following is a summary of the fixed asset and accumulated depreciation accounts:

	Balance Beginning Of Year	Additions	Reclassification	Balance End Of Year
Fixed Assets				
Office equipment	3,809	186		3,995
Program Support equipment	8,523		(8,156)	367
Field equipment				
- tractor	12,859	603	8,156	21,618
- other	2,205			2,205
	27,396	789	Nil	28,185
Accumulated Depreciation				
Office equipment	3,354	342		3,696
Program Support equipment	730	29	(510)	249
Field equipment				
- tractor	9,323	1,607	2,439	13,369
- other	2,966	746	(1,929)	1,783
	16,373	2,724	Nil	19,097
Net Book Value	11,023			9,088

NOTE 5 - COMPARATIVE FIGURES

Because of a change in the fiscal year end in the prior year, the comparative figures are for a 15 month period ended 31st March 1987.

No portion of municipal grants for the calendar year 1988 have been reflected in the financial statements since the related expenses are incurred after 31st March 1988.

NOTE 6 - CONTRACTUAL OBLIGATIONS

The Conservation District purchased land during the current year and $10,000 remains payable as of 31st March 1988.

The Conservation District is also committed to forage seed purchases during the next year in the amount of $39,991.

AUDITOR'S REPORT

To the Board of Directors of the Turtle River Watershed Conservation District:

I have examined the Balance Sheet of the Turtle River Watershed Conservation District as at March 31st, 1988 and other statements, being Exhibits "B" to "G" inclusive which covers the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these Financial Statements present fairly the financial position of the Watershed as at March 31st, 1987 and the results of it's operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the accounting for inventory as outlined in note "3" in the Notes to Financial Statements.

F.D ZAPLITNY,
Chartered Accountant

DAUPHIN, Manitoba
May 31st, 1988

EXHIBIT "A"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

BALANCE SHEET
As at March 31st, 1988 and 1987

	1988	1987
ASSETS		
Current Assets -		
Short Term Investments	$ 19,893	31,500
Accounts Receivable	68,666	52,456
Prepaid Expenses	694	999
Inventory	163,139	
Total Current Assets	252,392	84,955
Fixed Assets at Book Value	48,137	4,281
Total	$ 300,529	89,236
LIABILITIES		
Current Liabilities -		
Bank Overdraft	$ 33,128	8,685
Accounts Payable	750	18,741
Labour Crew Surcharge	2,991	
Total Current Liabilites	36,869	27,426
Watershed Accounts -		
Sub-District Program Account - Exhbiit "B"	1,658	1,658
General Board Program - Exhibit "C"	206,995	1,779
Emergency Reserve Account - Exhibit "D"	54,861	52,980
Equipment Account - Exhibit "F"	(284)	(108)
Soil Management Account - Exhibit "G"	430	5,501
	263,660	61,810
Total	$ 300,529	89,236

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "B"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF SUB-DISTRICT PROGRAM ACCOUNT
REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1988 and 1987

	Sub-District 44	Sub-District 45	Sub-District 46	1988 Totals 12 Months	1987 Totals 15 Months
Revenue -	$				
Municipal Grants	9,493	18,904		28,397	43,732
Province of Man. Allocated Grant	28,480	44,110		72,590	113,552
	37,973	63,014		100,987	157,284
Expenditures -					
Channel Construction		63,014		63,014	157,284
Channel Improvements	37,973			37,973	
	37,973	63,014		100,987	157,284
Revenue Over Expenditures	NIL	NIL		NIL	NIL
Add - Opening Balance	95	(3,230)	4,793	1,658	1,658
Closing Balance $	95	(3,230)	4,793	1,658	1,658

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "C"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF GENERAL BOARD PROGRAM ACCOUNT
REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1988 and 1987

	1988 12 Months	1987 15 Months
Revenue -		
Municipal Levies	$ 70,249	83,302
Province of Manitoba Allocated Grant	406,857	312,663
Interest Earned	8,397	10,390
Farmer Assistance	31,277	36,952
Miscellaneous	3,800	5,423
Municipal Grants	52,459	25,462
Habitat Heritage Grant		1,500
PFRA Contract	11,701	12,500
PFRA Land Grant		16,000
Flood Assistance Revenue	60,351	179,328
Grants - Other	1,252	
Tour Revenue	1,950	
	648,293	683,520
Expenditures -		
Administration	15,334	14,268
Remuneration	29,382	18,833
Wages and Benefits	60,960	50,886
Rent	1,350	1,500
Public Education	6,857	4,281
Forage Assistance	66,162	96,121
Career Start and Miscellaneous	3,800	5,446
Staff Expenses	7,418	5,713
Miscellaneous Bridge and Culvert Repairs	105,626	172,323
Brushing and Spraying	54,798	5,162
Crossing Replacement	97,919	46,046
Land Purchase	7,868	21,500
PFRA Contract	11,701	12,500
Flood Repairs	63,394	199,254
Outstanding Right of Way Payments	3,225	
Drain Cleanouts	22,161	
Land Development Expense	2,821	
Grassed Waterway Program	4,037	
Weir Construction	35,652	
Tour Expense	1,946	
Depreciation Expense - 100% Board	1,924	
	604,335	653,833
Revenue Over/Under Expenditures - Forward	$ 43,958	29,687

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "C"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF GENERAL BOARD PROGRAM ACCOUNT
REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1988 and 1987

	1988 12 Months	1987 15 Months
Revenue Over/Under Expenditures - Forward	$ 43,958	29,687
Transfer to Land Development Reserve	(2,821)	16,000
Transfer to Flood Projection Reserve	4,702	18,191
Transfer to Equipment Reserve		2,000
Loss on Sale of Asset		4,000
	1,881	40,191
Revenue Over/Under Expenditures	42,077	(10,504)
Add: Opening Balance	1,779	12,283
Closing Balance before Inventory Adjustment	43,856	1,779
Inventory Adjustment - Note 3	163,139	
Closing Balance	$ 206,995	1,779

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "D"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

STATEMENT OF EMERGENCY RESERVE ACCOUNT
For the Periods Ended March 31st, 1988 and 1987

	1988 12 Months	1987 15 Months
Amount at Opening	$ 52,980	16,789
Transfer from General Board Program Account -		
Flood Protection	4,702	18,191
Equipment		2,000
Land Development	(2,821)	16,000
Amount at Closing	$ 54,861	52,980

EXHIBIT "E"

STATEMENT OF PROVINCE OF MANITOBA GRANT ACCOUNT
For the Periods Ended March 31st, 1988 and 1987

	1988	1987
Grant Received	$ 479,447	426,215
Less - Allocations to Watershed Programs:		
General Board Program	406,858	312,663
Sub-District Program	72,589	113,552
	$ NIL	NIL

EXHIBIT "F"

STATEMENT OF EQUIPMENT ACCOUNT REVENUE AND EXPENDITURE
For the Periods Ended March 31st, 1988 and 1987

	1988	1987
Equipment Revenue	$	1,242
Truck Revenue	4,517	
Tool Revenue	1,173	
	5,690	1,242
Expenses -		
Depreciation	24	518
Truck	4,386	
Tools	1,179	
Trailer	277	
	5,866	518
Revenue Over/Under Expenditures	(176)	724
Amount at Opening	(108)	(832)
Amount at Closing	$ (284)	(108)

(The accompanying notes are an integral part of these financial statements)

EXHIBIT "G"

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

SOIL MANAGEMENT PROJECT - REVENUE AND EXPENDITURES
For the Periods Ended March 31st, 1988 and March 31st, 1987

	District Board	Government of Canada	Province of Manitoba	Total 1988 12 Months	Total 1987 15 Months
Revenue -					
Grants Received	$	33,420	8,000	41,420	62,178
Equipment	768			768	
	768	33,420	8,000	42,188	62,178
Expenses -					
Administration		941	6,942	7,883	5,502
Extension		1,577	1,051	2,628	8,870
Field Demonstration		8,896		8,896	10,462
Equipment	735	4,165		4,900	2,800
Producer Incentives		22,952		22,952	34,330
	735	38,531	7,993	47,259	61,964
Transfer to Drill Repair Reserve					1,000
	735	38,531	7,993	47,259	62,964
Revenue Over (Under) Expenditures	33	(5,111)	7	(5,071)	(786)
Amount at Opening	NIL	5,494	7	5,501	6,287
Amount at Closing	$ 33	383	14	430	5,501

(The accompanying notes are an integral part of these financial statements)

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
March 31st, 1988

1. The Conservation District changed it's Fiscal Year-End from December 31st, to March 31st in 1987. The Transaction was accomplished by producing a 15 month accounting period which dated from January 1st 1986 to March 31st, 1987. All Revenue and Expenditure items under the heading 1987 are for this 15 month period. Municipal Grants which are paid on a calendar year have been accrued up to March 31st.

2. Accounts Receivable of the District are made up of the following:

	1988	1987
Municipal Grants and Levies	$ 13,826	15,818
Conservation District Authority	4,797	2,500
Other	50,043	34,138
Total	$ 68,666	52,456

3. In 1988 a change of Accounting for inventory has taken place. Prior to 1988 inventory was not taken at year-end and not accounted for on the Balance Sheet. In 1988 inventory has been recorded as an asset and an adjustment has been made to the General Board Program Account.

4. Fixed Assets of the District are normally recorded at Cost. The exception to this policy is those Assets purchased under the Federal - Provincial Soil Management Project. Because these assets are not subject to depreciation, they are expenses in the year of purchase.

   Depreciation on District Assets purchased in the normal course of affairs is provided as follows:

Office Equipment	15% Straight Line
Field Equipment	20% Straight Line
Fencer	25% Straight Line
Fence	5% Straight Line
Truck	25% Straight Line
Trailer	20% Straight Line
Tools	20% Straight Line
Building	4% Straight Line

TURTLE RIVER WATERSHED CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
March 31st, 1988

	Cost	Accumulated Depreciation	1988 Book Value	1987 Book Value
Office Equipment	$ 813	813	NIL	41
Field Equipment	472	472	NIL	25
Fencer	99	99	NIL	NIL
Fence	4,863	892	3,971	4,215
Truck	13,852	1,325	12,527	
Trailer	3,745	NIL	3,745	
Tools	6,843	599	6,244	
Labor Crew Building	21,650	NIL	21,650	
	$ 52,337	4,200	48,137	4,281

4. Accounts Payable of the District are made up as follows:

	1988	1987
Trade	$ 10	18,741
Payroll Tax	740	
	$ 750	18,741

5. Contingent Liability -

In September of 1987 a contract was entered into with Cando Contracting for an experimental Crossing. If the Board approves of the crossing, $20,000 will become payable 2 years from the contract date. At the time of preparation of these financial statements it is undeterminable whether the Board will approve the crossing.

Manitoba

THE UNIVERSITIES GRANTS COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B and Schedule 1, of The Universities Grants Commission for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Universities Grants Commission as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

July 29, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE UNIVERSITIES GRANTS COMMISSION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
Cash on hand and in bank	$ 86,786	$ 89,232
Grants receivable from the Government of the Province of Manitoba	676,664	148,923
Amount recoverable from the Government of the Province of Manitoba	35,319	11,655
	$ 798,769	$ 249,810
LIABILITIES		
Accounts payable:		
Grants	$ 686,520	$ 148,923
Other	112	4,034
	686,632	152,957
The Universities Grants Fund (Note 1):		
Balance, beginning of year	96,853	83,810
Revenues over (under) expenditures, Exhibit B	15,284	13,043
Balance, end of year	112,137	96,853
	$ 798,769	$ 249,810

EXHIBIT B

THE UNIVERSITIES GRANTS COMMISSION

Statement of Operating Revenues and Expenditures for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Revenues:		
Government of the Province of Manitoba grants:		
Revenue appropriation:		
Department of Education	$ 185,819,347	$ 166,220,475
Department of Highways and Transportation	240,000	2,386,899
Government of Canada grants:		
Department of Transport	2,250,000	2,250,000
	188,309,347	170,857,374
Interest income	11,707	17,364
Total revenues	188,321,054	170,874,738
Expenditures:		
Operating grants (Notes 1 and 2)	181,390,946	165,082,060
Major capital project grants (Notes 1 and 3)	4,244,234	4,710,955
Universities Development Fund (Notes 1 and 4)	1,502,766	-
Support programs:		
Computer network	427,073	407,294
Less: Recoveries from the Department of Education	86,035	69,930
	341,038	337,364
Inter-Universities program in Northern Manitoba	422,537	406,286
Chair in Women's Studies	66,000	-
	829,575	743,650
Administrative and other, Schedule 1	338,249	325,030
Total expenditures	188,305,770	170,861,695
Revenues over expenditures, Exhibit A	$ 15,284	$ 13,043

SCHEDULE 1

THE UNIVERSITIES GRANTS COMMISSION

Schedule of Administrative and Other Expenditures for the year ended March 31, 1988 (with 1987 figures for comparison)

	1988	1987
Automobile and travelling	$ 7,426	7,072
Course and membership fees	4,501	1,089
Furniture and equipment	8,381	5,109
Office rental	32,268	30,825
Postage and telephone	5,444	4,875
Printing and stationery supplies	11,441	4,693
Professional fees	21,019	51,204
Remuneration of Commission members	21,792	17,087
Salaries and employee benefits	219,465	199,668
Subscriptions	1,406	1,832
Sundry	5,106	1,576
Total administrative and other expenditures, Exhibit B	$ 338,249	$ 325,030

THE UNIVERSITIES GRANTS COMMISSION

Notes to Financial Statements
for the year ended March 31, 1988

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1. Accounting Policies

The Universities Grants Commission's annual financial statements are prepared using the accrual basis of accounting except for interest on cash balances, expenditures on leasehold improvements and equipment purchases, and pension payments. Interest on cash balances is taken into account in the year that it is received. Leasehold improvements and equipment purchases are charged to expenditures in the year of acquisition. Pension payments are charged to expenditures as the payments are made under the provisions of the Manitoba Civil Service Superannuation Act.

Operating and capital grants to the Universities reflect expenditures to the Universities for their annual operations and approved capital projects. Annual operating grants are paid on a scheduled basis to meet the Universities' operating requirements; capital grants are paid after expenditures have been incurred and claimed.

The Universities Development Fund was established by the Government of the Province of Manitoba to provide additional assistance to the Universities. These grants to the Universities reflect expenditures to the Universities for specifically approved projects.

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension payments made to retired employees. A provision is not made in the accounts to fund current or past service obligations of the Commission to the Civil Service Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $194,533 as at December 31, 1987 (1986 - $161,378).

THE UNIVERSITIES GRANTS COMMISSION

Notes to Financial Statements
for the year ended March 31, 1988

2. Operating Grants

	1988	1987
The University of Manitoba	$146,398,874	$132,116,903
The University of Winnipeg	19,218,842	18,017,240
Brandon University	12,527,823	11,854,218
St. Boniface College	3,245,407	3,093,699
Total	$181,390,946	$165,082,060

3. Major Capital Project Grants

	1988	1987
The University of Manitoba	$ 2,250,000	$ 4,636,899
Brandon University	1,994,234	9,056
St. Boniface College	-	65,000
Total	$ 4,244,234	$ 4,710,955

4. Universities Development Fund Grants

	1988	1987
The University of Manitoba	$ 955,000	$ -
The University of Winnipeg	100,000	-
Brandon University	412,766	-
St. Boniface College	35,000	-
Total	$ 1,502,766	$ -

Manitoba

THE UNIVERSITY OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A to C and Schedules 1 to 31, of The University of Manitoba for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Manitoba as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

June 29, 1988,
Winnipeg, Manitoba.

FINANCIAL STATEMENTS

The University of Manitoba
Comparative Statement of Financial Position
as at March 31, 1988 and March 31, 1987

Statement A

Assets

	1988	*1987*	
Cash and Bank, Less Outstanding Cheques	$ 6,949,987	$ 2,887,207	(1)
Marketable Investments for General Purposes (Note 1j)	21,714,870	14,448,162	(2)
Receivable from the Universities Grants Commission	328,183		(3)
Accounts Receivable:			
General	6,478,242	6,771,529	(4)
Research and Special	8,642,244	8,354,632	
Inventories (Note 1k)	2,257,551	2,146,126	(5)
Prepaid Expenditures	7,836	11,753	
Discount on Debentures	438,500	467,000	
	46,817,413	35,086,409	
Investments Held for Specific Purposes (Note 1j)	18,459,102	21,185,136	(2)
Funds on Deposit with The Great-West Life Assurance Company for Staff Benefits	12,368,928	11,907,055	
Investment in Subsidiary Company (Note 5)	48,127	77,222	
Fixed Assets: (Notes 1l and 2)			
Buildings and Sites	47,164,902	33,081,964	(6)
Equipment and Furnishings	101,747,260	115,616,721	
Library Holdings	33,723,647	31,073,958	
Construction in Progress		13,075,008	(7)
	182,635,809	192,847,651	
	$260,329,379	$261,103,473	

Liabilities and Fund Balances

	1988	*1987*	
Accounts Payable	$ 14,857,590	$ 13,837,933	(8)
Demand Loan (Note 7)	1,690,000	2,615,000	
Deferred Income	534,690	226,360	(9)
Lease Obligations (Note 1l)	128,346	48,516	
	17,210,626	16,727,809	
Province of Manitoba — Capital Advance	3,872,568	4,080,196	
— Special Advance		1,825,000	
	3,872,568	5,905,196	
Debentures Payable: Guaranteed by the Province of Manitoba	10,324,733	12,984,668	(10)
Less: Assets on Deposit with the Province of Manitoba for Retirement of Debentures			
Cash	3,151,488	5,151,015	
Investments (Note 1j)	6,759,658	7,126,752	(2)
	413,587	706,901	
Fund Balances:			
General Fund:			
General Operating (Note 1d)	606,211	409,996	
Research and Special (Note 1e)	18,935,337	18,403,579	(11)
Specific Provisions (Note 1f)	5,571,708	4,235,292	(12)
Capital Purpose (Notes 1g and 3)	(170,264)	(8,869)	(13)
	24,942,992	23,039,998	
Staff Benefits (Note 1h)	12,368,928	11,907,055	(14)
Trust and Endowment (Note 1i)	24,917,204	20,518,141	(15)
	62,229,124	55,465,194	
Equity in Subsidiary Company (Note 5)	48,127	77,222	
Investment in Fixed Assets (Notes 1l and 2)	176,555,347	182,221,151	
	$260,329,379	$261,103,473	

APPROVED BY THE BOARD OF GOVERNORS

A M Runciman

A. M. Runciman — Chairman of the Board of Governors

David G. Malaher

D. Malaher — Vice-Chairman of the Board of Governors

(The Accompanying Notes and Schedules, Pages 29 to 84, form an integral part of the Financial Statements.)
(Schedule References are in Parentheses)

Comparative Statement of Changes in Fund Balances for the years ended March 31, 1988 and March 31, 1987

Statement B

	General Fund			
	General Operating Fund Account (Note 1d)	*Research and Special Fund Account (Note 1e)*	*Specific Provisions Fund Account (Note 1f)*	*Capital Purpose Fund Account (Notes 1g & 3)*
Revenues and Other Additions:				
Tuition and Related Fees	$ 24,038,236	$	$	$
Contributions, Donations, Non-Government Grants and Loan Financing	74,259	17,370,315		28,492
Investments	3,505,850			
Overhead Recovery	84,514			
Special Projects	4,390			
Miscellaneous	152,502			
Province of Manitoba — Special Funding (Note 8)	5,021,634			
Government Grants:				
Universities Grants Commission	146,144,993	974,609		2,762,722
Other		37,470,207		
Ancillary Enterprises	20,662,827			
	199,689,205	55,815,131		2,791,214
Expenditures and Other Deductions:				
Academic	114,746,836	52,143,381		
Other Academic	9,790,123	811,409		
Libraries	9,354,670	349,848		
Student Services	2,399,892	464,842		
Administration	9,200,658	138,558		
Plant Maintenance	21,587,232	832		
General	1,611,835	136,035		
Scholarships, Bursaries and Prizes	151,768	646,636		
Interest and Miscellaneous				
re Debentures	773,708			
Special Advance	573,197			
Capital Advance	413,120			
Appropriated for Retirement of Debentures Special Advance and Capital Advance	8,591,007			
Ancillary Enterprises	20,278,353			
Repayment of Loan Financing				925,000
Capital Expenditures				2,582,126
	199,472,399	54,691,541		3,507,126
Inter-Fund Transfers	1,315,825	(591,832)		554,517
Net Revenues and Other Additions before Appropriations	1,532,631	531,758		(161,395)
Appropriated — Specific Provisions (Note 1f)	(1,336,416)		1,336,416	
Net Revenues and Other Additions	196,215	531,758	1,336,416	(161,395)
Balances Beginning of the Year	409,996	18,403,579	4,235,292	(8,869)
Balances End of the Year, Statement A	$ 606,211	$ 18,935,337	$ 5,571,708	$ (170,264)
		(11)	(12)	(13)

Staff Benefits Fund (Note 1h)	*Trust and Endowment Fund (Note 1i)*	*Total Funds 1988*	*Total Funds 1987*
$	$	$ 24,038,236	$ 22,070,975
1,295,467	3,821,842	22,590,375	24,015,085
518,582	2,164,896	6,189,328	6,252,091
		84,514	12,756
		4,390	56,256
	32,116	184,618	226,865
		5,021,634	3,642,824
	450,000	150,332,324	137,453,393
		37,470,207	37,251,857
		20,662,827	19,346,153
1,814,049	6,468,854	266,578,453	250,328,255
		166,890,217	159,477,361
		10,601,532	9,180,037
		9,704,518	8,951,911
		2,864,734	2,592,766
		9,339,216	8,424,740
		21,588,064	21,341,901
1,352,176	404,453	3,504,499	2,551,251
	352,628	1,151,032	919,494
		773,708	783,485
		573,197	
		413,120	432,209
	34,200	8,625,207	1,420,272
		20,278,353	18,604,139
		925,000	
		2,582,126	9,047,911
1,352,176	791,281	259,814,523	243,727,477
	(1,278,510)		
461,873	4,399,063	6,763,930	6,600,778
461,873	4,399,063	6,763,930	6,600,778
11,907,055	20,518,141	55,465,194	48,864,416
$ 12,368,928	$ 24,917,204	$ 62,229,124	$ 55,465,194
(14)	(15)		

(The Accompanying Notes and Schedules form an integral part of the Financial Statements.)
(Schedule References are in Parentheses)

Comparative Statement of University Investment in Fixed Assets for the years ended March 31, 1988 and March 31, 1987

Statement C

	1988	*1987*
Additions:		
Fixed Assets, Net of Disposals	$ 13,511,919	$ 12,681,974
Principal Payments on Debt Retirement Net of Discount	2,631,435	150,856
Appropriated for Debt Retirement		
— Province of Manitoba Capital Advance	207,628	188,539
— University Sinking Fund	1,483,379	1,199,933
	17,834,361	14,221,302
Deductions:		
Principal Payments on Debt Retirement Financed from University Sinking Fund	2,500,000	
Appraisal Equipment Written-off	21,000,165	
	23,500,165	
Net Change in the Year	(5,665,804)	14,221,302
Balance Beginning of the Year	182,221,151	167,999,849
Balance, End of the Year, Statement A	$176,555,347	$182,221,151

(The Accompanying Notes and Schedules form an integral part of the Financial Statements.)
(Schedule References are in Parentheses)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. General

The financial statements have been prepared to conform with accounting principles for universities as described in the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada", published by the Canadian Association of University Business Officers.

b. Fund Accounting

The University classifies resources used for various purposes into separate Fund Accounts which correspond to its major activities and objectives. The Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its accounts with specific assets and liabilities segregated into a General Fund, a Staff Benefits Fund and a Trust and Endowment Fund. The General Fund is further divided into Fund Accounts for General Operating, Research and Special Purposes, Specific Provisions, and Capital Purposes. The Staff Benefits Fund is further divided into Fund Accounts for Benefit Improvement and Maintenance, Self-Insured Income Disability Plan and Group Insurance Experience Refunds.

c. Accrual Accounting

The accrual basis of accounting is utilized for additions to and deductions from fund balances except that no provision is made in the Financial Statements, for depreciation on plant assets, accrued vacation pay, or accrued interest on investments and debenture debt.

d. General Operating Fund Account

The General Operating Fund Account of the University includes the academic, administrative, operational and ancillary costs that are funded by fees, grants, ancillary income and other income. The net cost of operating units is determined by deducting cost recoveries that have been generated, from total expenditures.

All funds received or accrued by the University for general operating purposes, for the interest portion of debenture financing, and for miscellaneous capital expenditures are shown in the General Operating Fund Account. Funds received for the principal portion of debenture payments applicable to debt retirement are shown in the Statement of University Investment in Fixed Assets.

The University bookstore, food services, student residences and parking are classified as Ancillary Enterprises and are budgeted on a break-even basis. Any surpluses or deficits are included in the General Operating Fund Account. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of fixed assets for these ancillaries is funded by an annual appropriation to a Specific Provisions Fund Account.

e. Research and Special Fund Account

The Research and Special Fund Account consists of funds specifically identified for research or related special activities. These funds are provided from both federal and provincial granting agencies and other public and private sources.

f. Specific Provisions Fund Account

The Specific Provisions Fund Account records appropriations made from (to) the General Operating Fund Account.

These appropriations are to guarantee future funding for the replacement or improvement of fixed assets, or other designated University programs. Such appropriations are shown on the Statement of Changes in Fund Balances.

g. Capital Purpose Fund Account

The Capital Purpose Fund consists of grants, gifts, interest and authorized capital borrowings, received and expended for the purpose of acquiring capital assets.

h. Staff Benefits Fund

Benefit Improvement and Maintenance:

This Fund Account is used for special payments towards any unfunded liability of the University of Manitoba Pension Plan (1970), staff benefit improvements and for other uses at the discretion of the Board of Governors after consultation with the Staff Benefits Committee. Funds received from the Great-West Life Assurance Company as experience refunds relating to the University's former pension plan are credited to this Fund Account. During the year the Unemployment Insurance Commission Premium Saving Fund Account was consolidated with this fund account. The premium savings are a result of the extended sick leave coverage provided by the University and are credited to this fund account.

Self-Insured Income Disability Plan:

This Fund Account is used for long-term disability benefit payments arising on or after June 1, 1981, for eligible staff. Subject to reserve amounts established on the basis of actuarial reviews, this Fund Account may be used at the discretion of the Board of Governors of the University.

An actuarial valuation of the plan as of March 31, 1987, completed during 1987 showed a deficit of $260,984. An actuarial valuation as of March 31, 1986 showed a deficit of $644,832.

Group Insurance Experience Refunds:

This Fund Account is used for the support of current and future staff benefit programs, as determined by the Board of Governors following consultation with the Staff Benefits Committee. Experience refunds from The Great-West Life Assurance Company related to the group insurance plans, are credited to this Fund Account.

i. Trust and Endowment Fund

The Trust and Endowment Fund consists of gifts and bequests received with the stipulation that these funds be invested and the income earned be utilized for designated purposes.

The University may authorize expenditures for certain programs from the General Operating Fund Account and guarantee funding from the Trust and Endowment Fund. As a result, a transfer from the Trust and Endowment Fund for such expenditures may be made at the end of the fiscal year.

j. Investments

All funds available to the University are invested when it is practical to do so.

i) Short-Term Investments —
Investments falling into this classification are reported at cost.

ii) Long-Term Investments —
Investments falling into this classification are reported at cost or amortized cost, as appropriate. Bonds acquired at a premium or discount of up to one point are amortized to par at date of acquisition. Amortization of other bond premiums and discounts is calculated on a straight line basis over the life of the bond.

Gains or losses from investments are recorded as trading transactions in the year of disposal, except in the case of the reinvestment of the proceeds from the sale in a bond issue. In this case, the University carries forward any gain or loss in excess of one point for amortization over the term of the newly acquired bond.

Except where there are specific provisions to the contrary, endowment and trust funds are pooled and invested in the University Investment Trust. Investment income is distributed on a pro rata basis to each participating fund annually at March 31.

The market value of investments is disclosed as supplementary information only. Market values are not used in the determination of investment income.

k. Inventories
Inventories have been valued at the lower of cost or replacement cost.

l. Capitalization
Expenditures on land and buildings owned by the University, construction in progress, furnishings, equipment and library holdings are reflected through the Comparative Statement of Changes in Fund Balances, Statement B, in the year of payment.

Equipment purchased by lease financing is capitalized as a fixed asset in the first year of the lease with an offsetting credit to Lease Obligations. Expenditures against lease financing are shown as operating expenditures in the year of payment with the principal portion being credited to Investment in Fixed Assets.

Library holdings are capitalized at March 31, 1988 based on an evaluation determined as the sum of the following:

1. The volumes on hand at March 31, 1968 at an average price of net volumes added during 1968/69.
2. Total acquisition expenditures from April 1, 1968 to March 31, 1988.
3. A deduction for the value of volumes withdrawn at the weighted average price of volumes added from April 1, 1968 to March 31, 1975.
4. The current value of manuscripts and rare books.

The remaining fixed assets are capitalized at cost, except for furnishings and equipment items purchased prior to April 1, 1975, which were capitalized at appraised values totalling $45,773,513. A reduction of $21,000,165 has been made against Fixed Assets and Investment in Fixed Assets in the current fiscal year for items valued at less than $500.00 (current policy on Capitalization of Fixed Assets), vehicles no longer on hand, library collections, computer equipment no longer on hand or obsolete and miscellaneous consumables. The remaining appraised value of $24,773,348 will be reduced over the next three years as the review is completed, to an amount conforming to the current capitalization policy.

m. Pension Costs
The allocation of pension costs is based on the contribution required of the University under the University of Manitoba Pension Plans.

2. CONTRACTUAL COMMITMENTS
Contractual commitments relating to construction in progress amount to Nil (1987, $1,633,777.).

3. CAPITAL PURPOSE FUND
The negative balance of $170,264 (1987, $8,869) in the Capital Purpose Fund Account represents new building construction costs incurred in excess of contributions received to March 31, 1988. The funding for these costs will be met from future contributions from the University's Development Fund Campaign.

4. PENSION PLANS
The University of Manitoba administers the University of Manitoba Pension Plan (1970) and the University of Manitoba GFT Pension Plan (1986) under the terms of an agreement with the University of Manitoba Pension Plan Trustees. The Trustees are responsible for the custody of the Plan's assets and issuance of annual financial statements, which do not form part of the University's financial statements.

University of Manitoba Pension Plan (1970):
The University matches the regular pension contributions made by employees to the University of Manitoba Pension Plan (1970). These contributions together with the investment income earned on the contributions are applied on retirement to provide an annuity referred to as a money purchase pension. The plan guarantees a minimum pension based on an approved formula encompassing the average of the members best five years basic salary and years of service. To the extent that a member's money purchase pension is less than the guaranteed amount, the member will receive a supplementary pension, funded by the University from the Staff Benefit's fund, in accordance with the requirements of the regulations under the Pension Benefits Act of Manitoba, to increase the pension to the required level.

An actuarial valuation of the University of Manitoba Pension Plan (1970) was completed during 1986 as of December 31, 1985. The valuation reported that the plan, based on then current provisions, was fully funded with no requirement for special payments.

University of Manitoba GFT Pension Plan (1986):
The University is the sole contributor to the University of Manitoba GFT Pension Plan (1986). The contributions and interest earned are applied on retirement to provide a money purchase pension for geographical full-time staff of the Faculty of Medicine.

The University's cost of contributions to the Plans for the 1987-88 fiscal year was $6,975,975 (1987, $6,645,464).

5. INVESTMENT IN SUBSIDIARY COMPANIES
University of Manitoba Research Ltd., incorporated under the Manitoba Corporations Act, is a wholly-owned subsidiary of the University. University of Manitoba Research and Development Ltd. is a wholly-owned subsidiary of University of Manitoba Research Ltd. and became active in the current fiscal year. The mandate for the companies is as follows:

To provide a convenient mechanism for co-operation between University researchers and the external community.

To provide a broader base for the development of University contract research and services for the community.

To protect and to capitalize on the University of Manitoba's investment in its intellectual property.

To provide a source of income to further University of Manitoba research.

To promote the exploitation of University innovations through licensing and/or production activities.

The University accounts for its investment in accordance with a modification of the equity method by which investments in, and only dividends received or receivable are recorded and reflected in the Statement of Changes in Fund Balances.

The investment and related equity account in University of Manitoba Research Ltd. and University of Manitoba Research and Development Ltd. are summarized as follows:

	1988	1987
Investment Account		
— Shares purchased	$ 200	$ 200
— Contributed surplus	100,000	100,000
— Consolidated deficit	(52,073)	(22,978)
Current value of investment in shares	$ 48,127	$ 77,222
Equity Account	$ 48,127	$ 77,222

6. LOAN GUARANTEE

The University of Manitoba under a letter of Guarantee issued to the Canadian Imperial Bank of Commerce undertook to see that a loan made to the University of Manitoba Faculty Club will be repaid by the Faculty Club within a specified time period. The outstanding balance of this loan as at March 31, 1988 is $47,500 (1987, $65,500).

7. DEMAND LOAN

Pursuant to the University of Manitoba Act, the Government of the Province of Manitoba by order of the Lieutenant Governor-in-Council number 1177/85 authorized the University of Manitoba to borrow funds for bridge financing of the Management/Transport Institute Building up to a maximum of $3,000,000.

At March 31, 1988 $1,690,000 (1987, $2,615,000) had been borrowed from the Bank of Nova Scotia. Repayment is to be made from future contributions to the University's Development Fund Campaign.

8. SPECIAL EQUIPMENT REPLACEMENT AND RECLAMATION PROJECTS

During the year ended March 31, 1987, pursuant to the provisions of "The Loan Act, 1986(2)" and "The Financial Administration Act" the Minister of Finance of the Government of the Province of Manitoba was authorized, by Order-in-Council number 1234/86, to borrow an amount that would realize $10,000,000 through the issue and sale of treasury bills of the Province of Manitoba. The amount raised by the issue and sale of the treasury bills is to be expended for the purpose of making advances to the University of Manitoba as and when required for special equipment purchases and reclamation projects.

At March 31, 1988 the Universities Grants Commission provided a grant to the University to partially retire the principal and interest on the advances made by the Province of Manitoba. Additional funding was also made available from the University of Manitoba Sinking Fund to retire the balance of the advances.

9. LITIGATION

The University of Manitoba is named as a defendant in litigation where action has commenced or is anticipated. The University's solicitors have reported that there are no significant contingent liabilities arising from these actions.

10. PROPERTY TAXES

Property taxes are not shown in the accounts of the University, as The University of Manitoba Act provides that such property is not subject to taxation. The Government of the Province of Manitoba provides the City of Winnipeg and other municipalities with grants in lieu of taxes.

11. PLEDGES RECEIVABLE

The estimated realizable value of pledges outstanding at March 31, 1988 from the University's Development Fund Campaign is $13,456,400 (1987, $7,071,317.) These pledges are expected to be honored during the subsequent 10 year period.

12. COMPARATIVE INFORMATION

Comparative figures for the year ended March 31, 1987, have been restated where necessary to conform with the presentation adopted for March 31, 1988.

SCHEDULES

Schedule 1 **Cash and Bank, Less Outstanding Cheques**

	March 31, 1988	*March 31, 1987*
General Account:		
Cash on Hand	$ 52,465	$ 46,409
The Scotiabank — General Accounts	(230,165)	1,873,657
The Scotiabank — Debenture Coupons Account	3,024	692
The Canadian Imperial Bank of Commerce — Holdback Accounts	147,581	543,653
	(27,095)	2,464,411
Trust Account:		
Cash on Hand	1,271	1,323
The Royal Bank of Canada	6,975,811	421,473
Statement A	$ 6,949,987	$ 2,887,207

Schedule 2 **Investments**

	Par Value	*Market Value*	*March 31, 1988 Book Value*	*March 31, 1987 Book Value*
Bonds and Debentures:				
Government of Canada	$ 4,395,500	$ 4,695,396	$ 4,396,696	$ 4,897,231
Provincial:				
Province of Manitoba	1,332,000	1,385,764	1,297,454	547,454
Other	3,263,000	3,293,040	3,260,513	3,300,812
Provincial Guaranteed:				
Province of Manitoba	6,414,000	5,650,944	4,838,591	6,205,685
Other	7,306,000	7,525,822	7,352,875	2,456,000
Municipal	155,000	159,538	155,000	186,000
Other	3,463,000	3,446,800	3,461,556	1,641,206
	26,328,500	26,157,304	24,762,685	19,234,388
Savings Certificates, Term Deposits and Treasury Bills	22,256,075	22,262,866	22,170,945	23,525,662
Total Investments	$ 48,584,575	$ 48,420,170	$ 46,933,630	$ 42,760,050
Held For:				
General Purposes, Statement A	$ 21,800,000	$ 21,800,000	$ 21,714,870	$ 14,448,162
Specific Purposes, Statement A	18,408,575	18,968,833	18,459,102	21,185,136
Retirement of Debentures, Statement A	8,376,000	7,651,337	6,759,658	7,126,752
	$ 48,584,575	$ 48,420,170	$ 46,933,630	$ 42,760,050

Schedule 3 Receivable from the Universities Grants Commission

	March 31, 1988	*March 31, 1987*
Major Capital Projects	$ 328,183	
Statement A	$ 328,183	

Schedule 4 Accounts Receivable — General

Special Capital Projects	$	$ 339,373
Loans to Students and Staff	76,174	113,263
Government Agencies and Hospitals	3,895,411	3,996,659
Book Store Receivables	100,949	227,263
Accountable Advances	108,207	78,978
Payroll Recoveries	41,782	52,837
Miscellaneous	2,255,719	1,963,156
Statement A	$ 6,478,242	$ 6,771,529

Schedule 5 Inventories

Ancillary Enterprises:		
Book Store	$ 1,680,551	$ 1,704,222
Food Services	215,555	182,576
Stores	146,405	139,631
Departmental:		
Commercial Dairy	25,647	13,420
Pharmacy	59,399	
Printing and Publication Services	31,793	28,592
U of M Press	98,201	77,685
Statement A	$ 2,257,551	$ 2,146,126

Schedule 6 **Capital Expenditure on Buildings and Sites**	*March 31, 1988*	*March 31, 1987*
Agriculture Buildings	$ 78,087	$ 78,087
Architecture Building	86,836	86,836
Arts Buildings	57,532	57,532
Bison Building	53,838	53,838
Dentistry Building (Including Land)	2,624,260	2,624,260
Glenlea Research Station (Including Land)	985,961	985,961
Management/Transport Building	14,087,315	
Medicine Buildings (Including Land)	13,655,526	13,655,526
Physical Education Buildings	7,722,878	7,722,878
Science Buildings	94,666	94,666
University Centre Building	7,352,702	7,333,079
Other Buildings	365,301	389,301
Statement A	$ 47,164,902	$ 33,081,964

Schedule 7 **Construction in Progress**		
Management/Transport Institute Building		$ 13,075,008
Statement A		$ 13,075,008

Schedule 8 Accounts Payable

	March 31, 1988	*March 31, 1987*
General	$ 7,371,097	$ 6,562,115
Payroll Liabilities	6,225,371	5,463,545
Capital Projects	659,542	1,502,549
Province of Manitoba		
— Health and Post Secondary Education Tax Levy	484,838	211,537
— Sales Tax	116,742	98,187
Statement A	$ 14,857,590	$ 13,837,933

Schedule 9 Deferred Income

Government of Canada Grant	$ 353,073	$ 138,174
Province of Manitoba Grant	32,408	27,037
Other Grant Advances	22,376	3,204
Insurance Claims and Miscellaneous	126,833	57,945
Statement A	$ 534,690	$ 226,360

Schedule 10 Debentures Outstanding

	Principal Outstanding	
	March 31, 1988	*March 31, 1987*
Guaranteed as to Principal and Interest by the Government of the Province of Manitoba:		
Debentures:		
5⅜% Series 1H Due October 15, 1987	$	$ 2,500,000
5⅛% Series 1L Due June 1, and December 1, 1988-1994	369,050	411,891
5⅛% Series 1N Due June 1, and December 1, 1988-1994	517,683	577,777
5½% Series 1P Due December 15, 1995	3,000,000	3,000,000
5¾% Series 1Q Due February 15, 1992	5,000,000	5,000,000
7½% Series 1R Due April 15, 1988-2001	1,438,000	1,495,000
Statement A	$ 10,324,733	$ 12,984,668

Schedule 11 Changes to Research and Special Fund Accounts for the years ended March 31, 1988 and March 31, 1987

	Balance March 31, 1987	*Additions*	*Deductions*	*Inter-Fund Transfers*	*Balance March 31, 1988*
Sponsored or Assisted Research:					
Government of Canada:					
Social Sciences and Humanities Research Council	$ 460,743	$ 686,905	$ 739,913	$	$ 407,735
Medical Research Council	1,101,680	8,769,535	8,834,037		1,037,178
Miscellaneous	2,020,496	3,720,662	3,471,640	(380,477)	1,889,041
National Health and Welfare	187,020	1,455,535	1,465,494		177,061
Natural Sciences and Engineering Research Council	2,326,360	7,435,918	6,832,670	636	2,930,244
	6,096,299	22,068,555	21,343,754	(379,841)	6,441,259
Province of Manitoba:					
Agriculture	168,097	892,876	953,140		107,833
Health Research Council	389,445	1,283,502	1,352,653		320,294
Miscellaneous	572,181	1,478,094	1,454,316	(32,502)	563,457
	1,129,723	3,654,472	3,760,109	(32,502)	991,584
Business and Industry	749,619	1,555,213	1,131,248	(133,956)	1,039,628
Foundations, Associations, Etc.	2,173,562	5,005,520	4,603,110	127,562	2,703,534
Individuals, Etc.	541,078	362,566	620,676	234,820	517,788
Manitoba Heart Foundation	549,210	1,433,045	1,499,928		482,327
National Cancer Institute of Canada	28,776	1,228,364	1,228,306		28,834
Special Projects	276,921	293,203	272,447	50,279	347,956
United States	869,869	1,790,108	1,672,659	(237,412)	749,906
	5,189,035	11,668,019	11,028,374	41,293	5,869,973
Sub-Total	12,415,057	37,391,046	36,132,237	(371,050)	13,302,816

Schedule 11 Changes to Research and Special Fund Accounts for the years ended March 31, 1988 and March 31, 1987

	Balance March 31, 1987	*Additions*	*Deductions*	*Inter-Fund Transfers*	*Balance March 31, 1988*
Special Funds:					
Government of Canada	$ 834,124	$ 4,877,806	$ 4,987,495	$ (261,220)	$ 463,215
Province of Manitoba:					
Agriculture	2,290	211,805	219,135		(5,040)
Miscellaneous	45,404	7,632,178	7,411,107	(51,804)	214,671
	47,694	7,843,983	7,630,242	(51,804)	209,631
Business and Industry	58,896	449,235	421,890	(82,055)	4,186
Foundations, Associations, Etc.	383,454	577,612	628,120	(12,892)	320,054
Individuals, Etc.	3,256,709	2,662,329	3,299,437	213,068	2,832,669
Special Projects	670,491	1,110,218	945,484	(25,879)	809,346
	4,369,550	4,799,394	5,294,931	92,242	3,966,255
Subtotal	5,251,368	17,521,183	17,912,668	(220,782)	4,639,101
Scholarships, Bursaries and Prizes	26,676	656,904	646,636		36,944
	17,693,101	55,569,133	54,691,541	(591,832)	17,978,861
Disbursements Pending Receipt of Funds to Cover	710,478	245,998			956,476
		$ 55,815,131	$ 54,691,541	$ (591,832)	
Balance End of the Year, Statement B	$ 18,403,579				$ 18,935,337

Schedule 12 **Changes to Specific Provisions Fund Account for the years ended March 31, 1988 and March 31, 1987**

	Ancillary Furniture and Equipment Replacement	*Parking Lot Improvements*	*Copier and Word Processor Replacement*	*Vehicle and Other Equipment Replacement*	*Printing Services Equipment Replacement*
Provided From:					
General Operating	$	$	$ 241,946	$ 95,169	$ 28,000
Ancillary Enterprises	485,102	312,051			
	485,102	312,051	241,946	95,169	28,000
Applied To:					
General Operating			511,396	49,793	66,451
Ancillary Enterprises	453,189	18,611			
Research and Special					
	453,189	18,611	511,396	49,793	66,451
Net Change in the Year	31,913	293,440	(269,450)	45,376	(38,451)
Balance Beginning of the Year	355,073	1,576,992	1,027,979	50,194	53,910
Balance End of the Year, Statement B	$ 386,986	$ 1,870,432	$ 758,529	$ 95,570	$ 15,459

Micro Teaching Equipment Replacement	*Emergency Building Repairs*	*Computer Equipment*	*Academic Development*	*Non-Insured Benefits*	*Total*	
					1988	*1987*
$ 53,065	$ 300,000	560,000	$ 130,000	$ 950,000	$ 2,358,180	$ 1,075,569
					797,153	976,251
53,065	300,000	560,000	130,000	950,000	3,155,333	2,051,820
31,148				669,597	1,328,385	815,718
				18,732	490,532	295,725
						14,995
31,148				688,329	1,818,917	1,126,438
21,917	300,000	560,000	130,000	261,671	1,336,416	925,382
46,144			400,000	725,000	4,235,292	3,309,910
$ 68,061	$ 300,000	$ 560,000	$ 530,000	$ 986,671	$ 5,571,708	$ 4,235,292

Schedule 13 Changes to Capital Purpose Fund Account
for the years ended March 31, 1988 and March 31, 1987

	1988	*1987*
Additions:		
Universities Grants Commission	$ 2,762,722	$ 4,636,899
Demand Loan		2,615,000
U.M.S.U.	19,623	496,413
Government of Canada		9,518
Corporations, Etc.	350	4,000
Physical Education Facility Fee	8,519	31,823
	2,791,214	7,793,653
Deductions:		
Repayment of Demand Loan	925,000	
Major Capital Expenditures		
Management/Transport Building	2,049,781	8,361,926
Geology Building	512,722	
University Centre Building	19,623	671,473
Earth Science Building		9,518
Max Bell Centre		4,994
	3,507,126	9,047,911
Inter-Fund Transfers	554,517	1,394,192
Net Change in the Year	(161,395)	139,934
Balance Beginning of the Year	(8,869)	(148,803)
Balance End of the Year, Statement B	$ (170,264)	$ (8,869)

Schedule 14 Changes to Staff Benefits Fund
for the years ended March 31, 1988 and March 31, 1987

	Benefit Improvement and Maintenance	*Self-Insured Income Disability Plan*	*Group Insurance Experience Refunds*	*Total*	
				1988	*1987*
Additions:					
Experience Refunds (Note 1h)	$	$	$	$	$ 913,304
Income Earned for Period, Net of Management and Administrative Service Fees	133,463	109,285	275,834	518,582	1,388,332
Contributions	458,755	836,712		1,295,467	894,080
	592,218	945,997	275,834	1,814,049	3,195,716
Deductions:					
One-Half of the Post-Retirement Adjustments for Pensioners			211,740	211,740	210,285
Benefit Premium	126,743	150,748	10,501	287,992	243,890
Indemnity Payments		610,902		610,902	528,025
Experience Deficit			168,009	168,009	
Great-West Life — L.T.D. Plan re: Unfunded Liability			73,533	73,533	
	126,743	761,650	463,783	1,352,176	982,200
Intra-Fund Transfers	(40,000)	40,000			
Inter-Fund Transfers					56,483
Net Change in the Year	425,475	224,347	(187,949)	461,873	2,269,999
Balance Beginning of the Year	2,666,492	2,801,088	6,439,475	11,907,055	9,637,056
Balance End of the Year, Statement B	$ 3,091,967	$ 3,025,435	$ 6,251,526	$ 12,368,928	$ 11,907,055

Schedule 15 **Changes to Trust and Endowment Fund for the years ended March 31, 1988 and March 31, 1987**

	Capital Accounts	*Current Accounts*	*Total*	
			1988	*1987*
Additions:				
Contributions	$ 3,431,398	$ 840,444	$ 4,271,842	$ 3,544,097
Investment Income	13,037	2,151,859	2,164,896	2,001,357
Gain on Sale of Land				46,975
Income from Mines, Mineral Rights, etc.		32,116	32,116	76,173
Transfer to (from)	674,702	(674,702)		
	4,119,137	2,349,717	6,468,854	5,668,602
Deductions:				
Awards	48,816	303,812	352,628	326,454
Appropriated for Debenture Retirement		34,200	34,200	31,800
Benefit Premiums		328,564	328,564	
Other	23,840	52,049	75,889	153,280
	72,656	718,625	791,281	511,534
Inter-Fund Transfers	(606,232)	(672,278)	(1,278,510)	(2,154,861)
Net Change in the Year	3,440,249	958,814	4,399,063	3,002,207
Balance Beginning of the Year	12,801,376	7,716,765	20,518,141	17,515,934
Balance End of the Year, Statement B	$ 16,241,625	$ 8,675,579	$ 24,917,204	$ 20,518,141

Schedule 16 Inter-Fund Transfers
for the years ended March 31, 1988 and March 31, 1987

	General Operating	*Research and Special*	*Capital Purpose*	*Staff Benefits*	*Trust and Endowment*
Scholarships, Bursaries and Prizes, etc.	$ 48,449	$	$	$	$ (48,449)
Chair of Icelandic Language and Literature	27,709				(27,709)
Chair in Women's Studies	10,083				(10,083)
The Ewart Chair of Constitutional Law	1,931				(1,931)
University Centre Management Group	(50,000)				50,000
Interest and Miscellaneous Expenditures re: Debentures	65,900				(65,900)
Student Contributions to University Development Fund Campaign	(49,809)				49,809
					(54,263)
Contributions for Capital Purposes			554,517		(554,517)
Sponsored or Assisted Research		482,541			(482,541)
Special Funds		187,189			(187,189)
Overhead Recovery	1,261,562	(1,261,562)			
					(669,730)
March 31, 1988, Statement B	$ 1,315,825	$ (591,832)	$ 554,517		$ (1,278,510)
March 31, 1987	$ 1,090,533	$ (386,347)	$ 1,394,192	$ 56,483	$ (2,154,861)

Schedule 17 **Tuition and Related Fees**

	March 31, 1988	*March 31, 1987*
Regular Session	$ 20,000,097	$ 18,164,048
Summer Session	1,722,307	1,764,537
Non-Credit Courses	1,788,353	1,669,923
Short Courses	527,479	472,467
Statement B	$ 24,038,236	$ 22,070,975

Schedule 18 **Investment Income (General Fund)**

Bank and Short-Term Investments	$ 2,022,471	$ 1,662,469
Sinking Fund Income for Retirement of Debentures	1,483,379	1,199,933
Statement B	$ 3,505,850	$ 2,862,402

Schedule 19 **Overhead Recovery**

Government of Canada	$ 84,514	$ 12,756
Statement B	$ 84,514	$ 12,756

Schedule 20 **Special Projects Income**

Insurance Proceeds	$ 4,390	$ 56,256
Statement B	$ 4,390	$ 56,256

Schedule 21 **Miscellaneous Income (General Fund)**

Sale of Equipment	$ 48,235	$ 39,219
Miscellaneous	90,438	47,936
Rentals	13,829	16,562
Statement B	$ 152,502	$ 103,717

Schedule 22 **Universities Grants Commission Grants (General Operating Fund Account)**

General Operating	$134,571,299	$127,888,022
Special Advance	7,473,197	
Miscellaneous Capital and Special Projects	2,771,941	2,771,941
Debenture Interest and Financing	707,808	715,021
Capital Advance	620,748	620,748
Statement B	$146,144,993	$131,995,732

Schedule 23 Income and Expenditure, Ancillary Enterprises for the years ended March 31, 1988 and March 31, 1987

	Book Department	*Parking*	*Food Service*	*Residences*
Income	$ 11,715,238	$ 1,629,410	$ 5,555,261	$ 1,762,918
Expenditure:				
Salaries	1,298,364	78,120	2,094,763	920,681
Staff Benefits	111,481	8,243	158,005	81,272
Pay Tax Levy	29,200	1,779	47,143	20,784
Cost of Goods Sold	9,262,246		2,102,760	
Equipment, Alterations, Etc.	354,244	5,805	125,335	152,896
Supplies and Expense	596,941	1,217,519	1,039,310	571,462
	11,652,476	1,311,466	5,567,316	1,747,095
Net Income (Expenditure) Before Appropriations	62,762	317,944	(12,055)	15,823
Appropriated from (to) Specific Provisions	2,481	(293,440)	(14,202)	(1,457)
Net Income (Expenditure), 1988	$ 65,243	$ 24,504	$ (26,257)	$ 14,366
Net Income (Expenditure), 1987	$ 96,546	$ 18,308	$ (57,708)	$ 4,343

Total	
1988	*1987*
$ 20,662,827	$ 19,346,153
4,391,928	4,251,597
359,001	346,355
98,906	64,614
11,365,006	10,013,404
638,280	523,687
3,425,232	3,404,482
20,278,353	18,604,139
384,474	742,014
(306,618)	(680,525)
$ 77,856	
	$ 61,489

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Agriculture:						
General Operating						
Dean's Office	$ 260,160	$ 1,500	$ 157,911	$ 36,948	$ 9,424	$ 102,890
Agricultural Economics	772,248	118,240	115,761	89,708	22,355	44,925
Agricultural Engineering	669,049	9,551	103,878	69,219	17,389	44,318
Animal Science	764,042	31,062	375,157	107,982	26,045	103,871
Canada Biting Fly Centre	12,713		3,523	1,506	324	
Commercial Dairy			149,191	15,472	3,364	250,949
Entomology	346,538	3,878	62,820	38,199	9,347	20,269
Farm Management		432	651,352	64,931	14,737	271,095
Food Science	587,066	32,280	156,570	70,046	17,420	56,259
Glenlea Research Station	12,573		3,894	1,523	371	(2,440)
Horticulture	47,809	2,991	24,433	6,980	1,697	4,628
Plant Science	1,156,466	23,376	767,372	181,174	43,975	128,017
School of Agriculture	178,829	540	26,941	16,052	4,658	94,522
Soil Science	453,515	8,519	173,886	56,766	14,444	34,405
	5,261,008	232,369	2,772,689	756,506	185,550	1,153,708
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	552,458	1,702,324	1,134,705	220,740	56,678	1,530,854
Special Funds	16,039	5,668	149,310	16,988	3,899	99,922
	5,829,505	1,940,361	4,056,704	994,234	246,127	2,784,484
Architecture:						
General Operating						
Dean's Office	85,717		68,429	14,081	3,450	15,112
General Faculty	143,659	6,167	136,863	26,868	6,122	133,871
Architecture	562,884			47,080	12,788	20,707
City Planning	284,897	1,764		22,814	6,333	14,919
Environmental Studies	645,983			55,966	14,322	17,945
Interior Design	572,264	2,805	602	50,694	12,834	63,577
Landscape Architecture	270,638			22,869	6,020	14,258
	2,566,042	10,736	205,894	240,372	61,869	280,389
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research		12,198				3,383
Special Funds						459
	2,566,042	22,934	205,894	240,372	61,869	284,231

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
40,390	$ 609,223	$	$ 51,449	$ 557,774	$ 522,967	
8,184	1,171,421			1,171,421	1,135,623	
18,334	931,738		2,600	929,138	907,467	
34,821	1,442,980		70,942	1,372,038	1,280,543	
	18,066		13,274	4,792		
48,817	467,793	449,952	43,807	(25,966)	(50,074)	
1,051	482,102			482,102	463,567	
31,673	1,034,220	39,060	375,579	619,581	545,512	
11,499	931,140			931,140	740,371	
	15,921			15,921	125,076	
11,358	99,896			99,896	85,090	
45,172	2,345,552			2,345,552	2,282,674	
1,264	322,806		21,943	300,863	294,434	
12,197	753,732			753,732	714,378	
264,760	10,626,590	489,012	579,594	9,557,984	9,047,628	5.6
60,335	60,335			60,335	63,559	
153,428	153,428			153,428	123,102	
680,817	5,878,576			5,878,576	5,991,262	
27,331	319,157			319,157	428,640	
1,186,671	17,038,086	489,012	579,594	15,969,480	15,654,191	2.0
	186,789		23,860	162,929	153,800	
37,413	490,963		4,470	486,493	498,651	
	643,459			643,459	605,042	
	330,727			330,727	369,739	
	734,216		2,302	731,914	701,937	
	702,776		48,376	654,400	694,743	
	313,785			313,785	333,694	
37,413	3,402,715		79,008	3,323,707	3,357,606	(1.0)
20,086	20,086			20,086	21,200	
5,930	5,930			5,930	1,882	
	15,581			15,581	18,144	
	459			459	180	
63,429	3,444,771		79,008	3,365,763	3,399,012	(1.0)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Arts:						
General Operating						
Dean's Office	$ 206,734	$	$ 348,576	$ 51,117	$ 12,628	$ 106,068
General Faculty	636,502	723	210,310	57,289	19,111	214,590
Anthropology	849,341	54,737	78,394	87,650	21,630	40,112
Classics	190,201	4,038	17,329	19,738	4,768	6,146
Economics	1,365,192	110,020	54,124	131,357	34,053	41,850
English	1,813,066	116,635	75,210	180,178	45,107	93,121
Geography	949,980	49,762	122,258	99,003	25,005	42,758
German	315,545	7,308	19,170	28,149	7,568	10,849
History	1,685,801	52,182	64,805	160,407	40,709	50,142
Icelandic Language and Literature	77,159	11,097		6,873	1,990	2,417
Institute for Social and Economic Research						
Judaic Studies	157,506	3,724	13,895	16,370	3,632	6,991
Modern Language Division		11,595	49,429	5,248	1,373	3,170
Native Studies	127,527	13,227	18,958	14,728	3,604	64,211
Philosophy	691,540	16,370	15,630	63,559	16,323	19,727
Political Studies	804,620	60,020	40,309	78,077	20,152	28,476
Professional and Applied Ethics						6,712
Psychology	2,511,225	118,254	234,072	244,882	64,345	125,247
Psychology — Service Centre	264,034	12,525	45,592	29,443	7,147	11,129
Religious Studies	353,258	16,315	20,781	33,210	8,806	19,960
Romance Languages	1,040,145	26,622	30,254	95,293	24,556	36,444
Slavic Studies	219,305	6,422	9,418	21,516	5,179	12,783
Sociology	1,491,236	45,257	87,388	142,810	36,387	44,217
Women's Studies						5,299
	15,749,917	736,833	1,555,902	1,566,897	404,073	992,419
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	255,754	313,217	140,360	44,009	12,970	326,220
Special Funds	23,625	4,164	7,192	1,515	749	39,930
	16,029,296	1,054,214	1,703,454	1,612,421	417,792	1,358,569
Centre for Ukrainian Canadian Studies:						
General Operating						
Director's Office	30,288	15,372	8,693	2,378	1,239	3,395
	30,288	15,372	8,693	2,378	1,239	3,395
Research	430	3,200		213	92	72
Special Funds						1,450
	30,718	18,572	8,693	2,591	1,331	4,917

Equipment Alter., Etc.	Gross Expenditure	Deduct — Cost Recoveries: Inter-Departmental Income	Deduct — Cost Recoveries: Other Income	Net Expenditure: March 31, 1988	Net Expenditure: March 31, 1987	% Increase (Decrease)
$ 17,929	$ 743,052		$ 424	$ 742,628	$ 686,445	
50,980	1,189,505		72,819	1,116,686	1,693,930	
10,869	1,142,733			1,142,733	921,527	
1,791	244,011			244,011	239,768	
7,983	1,744,579			1,744,579	1,600,539	
9,250	2,332,567			2,332,567	2,274,215	
34,550	1,323,316			1,323,316	1,203,001	
1,161	389,750			389,750	366,451	
4,989	2,059,035			2,059,035	1,962,270	
	99,536			99,536	84,241	
					1,500	
636	202,754			202,754	187,081	
425	71,240			71,240	67,842	
	242,255			242,255	164,959	
404	823,553			823,553	775,216	
2,300	1,033,954			1,033,954	1,002,414	
	6,712			6,712	4,875	
62,021	3,360,046			3,360,046	3,135,198	
288	370,158			370,158	410,105	
	452,330			452,330	385,149	
2,761	1,256,075			1,256,075	1,179,408	
52	274,675			274,675	251,088	
11,237	1,858,532			1,858,532	1,735,353	
114	5,413			5,413	3,420	
219,740	21,225,781		73,243	21,152,538	20,335,995	4.0
60,593	60,593			60,593	40,139	
200,090	200,090			200,090	103,379	
20,632	1,113,162			1,113,162	1,359,212	
20,474	97,649			97,649	267,912	
521,529	22,697,275		73,243	22,624,032	22,106,637	2.3
11	61,376			61,376	56,667	
11	61,376			61,376	56,667	8.3
	4,007			4,007	6,106	
	1,450			1,450	76,904	
11	66,833			66,833	139,677	(52.2)

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Continuing Education Division:						
General Operating						
Director's Office	$ 754,248	$ 3,683	$ 638,274	$ 132,405	$ 31,556	$ 209,821
Non-Credit Granting Courses	338,180	73,568	66,706	22,666	10,915	853,172
Summer School & Evening Credit Granting Courses	1,022,511	144,301	68,796	45,479	27,409	277,932
	2,114,939	221,552	773,776	200,550	69,880	1,340,925
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	15,005	19,102	11,710	1,851	902	8,000
Special Funds	407,045	46,413	217,988	48,173	13,818	1,536,524
	2,536,989	287,067	1,003,474	250,574	84,600	2,885,449
Dentistry:						
General Operating						
Dean's Office	146,943		79,698	19,238	5,110	34,828
General Faculty	242,219	4,071	212,700	34,635	8,522	315,548
Anatomy Section	149,584		70,902	21,257	4,721	33,342
Continuing Education	10,856		51,092	5,225	1,398	46,452
General Clinic	1,886	718	334,814	33,772	7,592	259,619
Medical Microbiology	45,404		10,583	4,775	1,262	2,620
Mobile Van	739			15	17	12,059
Oral Biology	741,529		120,588	75,149	19,444	49,011
Pharmacology	80,077			6,554	1,807	1,500
Preventive Dental Science	379,862	6,039	114,187	43,826	11,304	17,492
Private Practice Area			15,302	1,733	365	1,008
Rehabilitative Dental Science	702,119	49,803	113,520	65,826	19,521	78,970
School of Dental Hygiene	135,435	40,595	17,983	16,171	4,381	4,350
Stomotology	465,995	10,889	71,265	46,060	12,487	17,527
	3,102,648	112,115	1,212,634	374,236	97,931	874,326
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	13,985	74,463	196,807	22,785	5,133	158,569
Special Funds	137,396	44,553	182,786	28,364	7,820	1,632,021
	3,254,029	231,131	1,592,227	425,385	110,884	2,664,916
Education:						
General Operating						
Dean's Office	179,511		350,131	50,270	12,121	33,059
General Faculty	271,685	249,996	82,663	32,821	14,099	316,435
Canadian Biographical Series						2,390
Cash Flow	10,512			584	237	(2,834)
Curriculum: Humanities and Social Sciences	1,056,921	5,292	2,261	88,053	23,929	37,967
Curriculum: Mathematics and Natural Sciences	1,001,906	20,311	1,442	85,534	23,003	30,184
Educational Administration	657,340	2,347	1,876	50,728	14,882	54,121
Educational Psychology	586,430	2,271	1,400	51,369	13,236	15,364
In-Service Teachers Program						
	3,764,305	280,217	439,773	359,359	101,507	486,686
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research		16,169	1,013	477	296	33,204
Special Funds	291,492	46,945	218,184	38,416	12,038	937,382
	4,055,797	343,331	658,970	398,252	113,841	1,457,272

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
$ 23,038	$ 1,793,025	$ 69,279	$ 102,800	$ 1,620,946	$ 1,650,321	
59,798	1,425,005			1,425,005	1,165,379	
	1,586,428			1,586,428	1,468,086	
82,836	4,804,458	69,279	102,800	4,632,379	4,283,786	8.1
15,000	15,000			15,000	20,000	
5,030	5,030			5,030		
4,323	60,893			60,893	177,131	
14,419	2,284,380			2,284,380	2,393,240	
121,608	7,169,761	69,279	102,800	6,997,682	6,874,157	1.8
	285,817			285,817	242,732	
14,355	832,050		45,958	786,092	714,510	
3,249	283,055			283,055	293,410	
	115,023			115,023	109,312	
4,217	642,618		478,613	164,005	271,507	
	64,644			64,644	69,227	
297	13,127		42,190	(29,063)	5,288	
3,021	1,008,742			1,008,742	952,172	
	89,938			89,938	85,404	
4,655	577,365			577,365	522,038	
	18,408		4,157	14,251	13,128	
80	1,029,839			1,029,839	896,072	
2,801	221,716			221,716	218,445	
494	624,717			624,717	534,651	
33,169	5,807,059		570,918	5,236,141	4,927,896	6.3
41,366	41,366			41,366	40,217	
198,660	198,660			198,660	101,137	
46,219	517,961			517,961	548,522	
62,911	2,095,851			2,095,851	2,139,721	
382,325	8,660,897		570,918	8,089,979	7,757,493	4.3
	625,092			625,092	678,691	
37,019	1,004,718		39,834	964,884	820,703	
	2,390		846	1,544	1,600	
	8,499			8,499	57,564	
657	1,215,080			1,215,080	1,220,059	
7,528	1,169,908		10,000	1,159,908	1,085,985	
	781,294		3,192	778,102	842,342	
985	671,055		3,571	667,484	640,020	
					12,624	
46,189	5,478,036		57,443	5,420,593	5,359,588	1.1
4,722	4,722			4,722	40,814	
5,198	5,198			5,198	5,717	
3,102	54,261			54,261	138,943	
4,103	1,548,560			1,548,560	1,361,816	
63,314	7,090,777		57,443	7,033,334	6,906,878	1.8

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Engineering:						
General Operating						
Dean's Office	$ 167,352	$ 9,454	$ 99,565	$ 24,184	$ 6,183	$ 154,391
Civil Engineering	1,207,552	85,472	383,353	148,120	37,644	123,365
Electrical Engineering	1,454,435	165,187	455,692	192,189	47,433	196,251
Geological Engineering	231,230	5,413	50,969	23,491	6,430	9,368
Mechanical Engineering	1,262,313	121,782	540,620	168,571	43,267	121,080
	4,322,882	387,308	1,530,199	556,555	140,957	604,455
Miscellaneous Capital						
Equipment Replacement & Reclamation						
Projects						
Research	110,256	1,218,129	78,851	26,375	8,766	691,615
Special Funds	246,572	47,099	77,788	27,780	8,250	716,742
	4,679,710	1,652,536	1,686,838	610,710	157,973	2,012,812
Fine Arts:						
General Operating						
Director's Office	1,142,727	1,515	120,304	108,792	28,118	126,448
	1,142,727	1,515	120,304	108,792	28,118	126,448
Miscellaneous Capital						
Equipment Replacement & Reclamation						
Projects						
Research		1,681		5	13	14,358
Special Funds		1,350	759		1	7,550
	1,142,727	4,546	121,063	108,797	28,132	148,356
Graduate Studies:						
General Operating						
Dean's Office	132,072	893,950	128,250	22,666	5,903	68,247
	132,072	893,950	128,250	22,666	5,903	68,247
Miscellaneous Capital						
Equipment Replacement & Reclamation						
Projects						
Research	13,993	250,947	15,121	4,322	1,523	7,206
	146,065	1,144,897	143,371	26,988	7,426	75,453
Human Ecology:						
General Operating						
Dean's Office	62,667		23,186	7,391	1,990	17,436
General Faculty	15,949	7,413	69,303	7,678	2,095	40,042
Clothing and Textiles	362,657	31,436	87,765	40,370	10,855	21,915
Family Studies	400,451	36,931	42,476	40,086	10,831	19,366
Foods and Nutrition	534,255	23,822	90,638	60,392	14,289	24,042
	1,375,979	99,602	313,368	155,917	40,060	122,801
Miscellaneous Capital						
Equipment Replacement & Reclamation						
Projects						
Research		112,429	50,377	7,680	2,628	105,177
Special Funds						111
	1,375,979	212,031	363,745	163,597	42,688	228,089

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
$ 47,356	$ 508,485	$	$ 28,120	$ 480,365	$ 414,600	
46,409	2,031,915	2,596	11,540	2,017,779	1,987,961	
49,299	2,560,486	1,916	18,651	2,539,919	2,401,869	
1,478	328,379		2,990	325,389	331,509	
54,593	2,312,226	3,000	12,412	2,296,814	2,236,747	
199,135	7,741,491	7,512	73,713	7,660,266	7,372,686	3.9
140,183	140,183			140,183	131,198	
257,624	257,624			257,624	207,791	
351,921	2,485,913			2,485,913	2,593,640	
34,408	1,158,639			1,158,639	939,856	
983,271	11,783,850	7,512	73,713	11,702,625	11,245,171	4.1
4,042	1,531,946	2,225	34,326	1,495,395	1,428,741	
4,042	1,531,946	2,225	34,326	1,495,395	1,428,741	4.7
16,328	16,328			16,328	17,761	
15,015	15,015			15,015	4,754	
	16,057			16,057	20,498	
	9,660			9,660	5,541	
35,385	1,589,006	2,225	34,326	1,552,455	1,477,295	5.1
4,451	1,255,539		24,233	1,231,306	1,129,066	
4,451	1,255,539		24,233	1,231,306	1,129,066	9.1
4,763	4,763			4,763	5,033	
4,805	4,805			4,805	3,158	
472	293,584			293,584	372,495	
14,491	1,558,691		24,233	1,534,458	1,509,752	1.6
19,322	131,992		9,456	122,536	130,107	
19,631	162,111		8,500	153,611	266,915	
318	555,316		46,892	508,424	406,651	
6,769	556,910			556,910	533,885	
620	748,058		38,220	709,838	628,155	
46,660	2,154,387		103,068	2,051,319	1,965,713	4.4
20,000	20,000			20,000	25,072	
62,489	62,489			62,489	57,253	
24,241	302,532			302,532	305,518	
	111			111	96	
153,390	2,539,519		103,068	2,436,451	2,353,652	3.5

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Law:						
General Operating						
Dean's Office	$ 253,031	$ 3,528	$ 58,076	$ 26,590	$ 7,096	$ 136,372
General Faculty	1,182,644		144,989	114,473	29,721	4,364
	1,435,675	3,528	203,065	141,063	36,817	140,736
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research		29,083		1,293	655	16,358
Special Funds		11,448		579	258	9,675
	1,435,675	44,059	203,065	142,935	37,730	166,769
Management:						
General Operating						
Dean's Office	173,514		25,859	16,975	4,508	54,371
General Faculty	18,813	5,883	262,385	24,649	6,458	271,740
Accounting and Finance	941,162	23,833	38,454	88,181	22,663	47,974
Actuarial and Business Mathematics	574,841	12,527	33,527	53,832	13,565	6,100
Business Administration	872,791	28,974	37,593	79,609	21,098	15,429
Marketing	459,226	5,298	19,638	41,111	10,913	13,783
Public Policy	292,496	12,137	30,353	28,086	7,567	11,341
	3,332,843	88,652	447,809	332,443	86,772	420,738
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	50,581	18,761	196,383	22,949	5,817	113,332
Special Funds		9,739	8,353	817	362	172,788
	3,383,424	117,152	652,545	356,209	92,951	706,858

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
$ 14,047	$ 498,740		$ 35,955	$ 462,785	$ 428,925	
	1,476,191			1,476,191	1,406,179	
14,047	1,974,931		35,955	1,938,976	1,835,104	5.7
2,737	2,737			2,737	2,689	
5,110	5,110			5,110	2,825	
	47,389			47,389	19,880	
	21,960			21,960	24,197	
21,894	2,052,127		35,955	2,016,172	1,884,695	7.0
	275,227		9,420	265,807	143,759	
53,114	643,042			643,042	607,954	
37,800	1,200,067			1,200,067	979,230	
6,595	700,987			700,987	714,209	
6,820	1,062,314			1,062,314	1,026,347	
40	550,009			550,009	537,588	
11,022	393,002			393,002	493,359	
115,391	4,824,648		9,420	4,815,228	4,502,446	6.9
10,001	10,001			10,001	6,012	
5,000	5,000			5,000	5,000	
13,883	421,706			421,706	469,172	
3,419	195,478			195,478	111,550	
147,694	5,456,833		9,420	5,447,413	5,094,180	6.9

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Medicine:						
General Operating						
Dean's Office	193,801		257,683	40,814	10,176	48,859
General Faculty	292,029	31,993	154,299	36,631	11,216	417,635
Anaesthetics	384,203		68,538	39,907	10,298	14,850
Anatomy	604,532	936	188,025	72,978	17,760	51,560
Biochemistry	637,146	462	75,945	65,069	17,317	29,052
Central Animal Care			411,237	39,833	9,295	544,054
Community Health Sciences	614,299		78,861	59,471	15,423	88,387
Computer — Operating and Rentals			46,409	5,046	1,044	18,009
Continuing Medical Education	74,162		63,008	11,930	3,003	2,620
Educational Development		360	182,560	17,929	4,151	8,319
Family Practice Unit	239,222		115,205	39,495	8,023	35,908
Human Genetics	163,974		80,646	22,174	5,540	77,742
Immunology	368 480		108,277	43,374	10,794	33,333
Internal Medicine	2,149,467	8,844	244,368	261,584	54,867	77,346
Microbiology	464,214	5,833	181,464	60,261	14,713	32,160
Obstetrics and Gynaecology	501,986		80,046	54,005	13,261	12,437
Opthalmology	6,231		1,273	270	169	1,876
Otolaryngology	104,725		26,090	10,799	2,968	2,130
Paediatrics	805,721		49,726	86,778	20,831	35,005
Pathology	509,511	3,522	77,322	40,258	13,298	37,132
Pharmacology	731,861		121,065	76,227	20,806	28,298
Physiology	810,893		224,946	97,615	25,617	71,966
Psychiatry	531,610		66,800	43,307	13,574	83,796
Radiology	107,488		23,255	7,019	2,927	1,155
School of Medical Rehabilitation	574,919	41,906	80,260	67,897	15,852	61,369
Statistics Division			85,823	8,249	1,934	4,875
Surgery	914,303		169,560	124,378	24,571	83,796
	11,784,777	93,856	3,262,691	1,433,298	349,428	1,903,669
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	1,679,733	3,587,398	5,349,223	734,175	181,948	5,850,149
Special Funds	441,437	1,765,855	676,663	190,762	58,236	2,553,340
	13,905,947	5,447,109	9,288,577	2,358,235	589,612	10,307,158
Music:						
General Operating						
Director's Office	803,795	740	25,153	74,746	18,760	454,748
	803,795	740	25,153	74,746	18,760	454,748
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research		337		17	8	12,521
Special Funds						4
	803,795	1,077	25,153	74,763	18,768	467,273

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
7,711	559,044			559,044	519,899	
58,151	1,001,954	16,708	83,816	901,430	1,187,908	
3,681	521,477			521,477	494,310	
60,928	996,719		53,138	943,581	840,285	
41,840	866,831			866,831	794,533	
15,082	1,019,501	59,470	725,120	234,911	204,952	
39,035	895,476		220,871	674,605	633,263	
26,315	96,823	7,380	7,955	81,488	76,137	
1,323	156,046			156,046	124,757	
	213,319			213,319	217,319	
12,212	450,065			450,065	424,322	
13,657	363,733		89,662	274,071	237,212	
3,970	568,228			568,228	516,065	
3,657	2,800,133			2,800,133	2,652,150	
17,046	775,691			775,691	690,582	
	661,735			661,735	669,456	
	9,819			9,819	22,523	
	146,712			146,712	130,947	
2,413	1,000,474			1,000,474	951,827	
6,111	687,154			687,154	624,459	
25	978,282			978,282	944,892	
5,317	1,236,354		10,450	1,225,904	1,153,730	
1,055	740,142			740,142	703,572	
	141,844			141,844	136,857	
34,762	876,965			876,965	805,422	
	100,881	779	54,306	45,796	62,610	
989	1,317,597			1,317,597	1,158,091	
355,280	19,182,999	84,337	1,245,318	17,853,344	16,978,080	5.2
101,386	101,386			101,386	101,677	
376,349	376,349			376,349	78,624	
1,653,530	19,036,156			19,036,156	16,965,083	
308,466	5,994,759			5,994,759	5,580,015	
2,795,011	44,691,649	84,337	1,245,318	43,361,994	39,703,479	9.2
99,049	1,476,991			1,476,991	1,294,993	
99,049	1,476,991			1,476,991	1,294,993	14.1
4,183	4,183			4,183	4,596	
108,963	108,963			108,963	128,627	
19,313	32,196			32,196		
	4			4	57	
231,508	1,622,337			1,622,337	1,428,273	13.6

Schedule 24 **Net Academic Faculty Expenditure by Account and Funding**

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Natural Resource Institute:						
General Operating						
Director's Office	$ 185,028	$	$ 21,775	$ 18,671	$ 4,674	$ 54,714
	185,028		21,775	18,671	4,674	54,714
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	48	49,446	50,101	6,928	1,701	49,823
Special Funds						
	185,076	49,446	71,876	25,599	6,375	104,537
Nursing Education:						
General Operating						
Director's Office	1,085,244	57,452	150,704	113,015	29,649	218,758
Special Nursing Program	115,967	28,051	81,960	17,345	5,089	69,037
	1,201,211	85,503	232,664	130,360	34,738	287,795
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	12,000	47,951	32,380	4,701	1,123	49,608
Special Funds						
	1,213,211	133,454	265,044	135,061	35,861	337,403
Pharmacy:						
General Operating						
Dean's Office	596,373	18,006	105,563	61,830	16,181	102,926
	596,373	18,006	105,563	61,830	16,181	102,926
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	15,118	42,093	9,732	2,769	815	49,731
Special Funds		2,646,	2,247	153	110	5,596
	611,491	62,745	117,542	64,752	17,106	158,253
Physical Education:						
General Operating						
Dean's Office	796,111	21,783	106,294	86,887	20,818	158,634
Sports Institute	25,313	51		2,632	571	1,902
	821,424	21,834	106,294	89,519	21,389	160,536
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research		4,121	13,419	742	396	16,884
Special Funds	33,632	9,710	4,357	4,042	1,083	183,555
	855,056	35,665	124,070	94,303	22,868	360,975

Equipment Alter., Etc.	Gross Expenditure	Deduct — Cost Recoveries		Net Expenditure		% Increase (Decrease)
		Inter-Departmental Income	Other Income	March 31, 1988	March 31, 1987	
$ 2,713	$ 287,575		$ 13,716	$ 273,859	$ 261,051	
2,713	287,575		13,716	273,859	261,051	4.9
2,467	2,467			2,467	2,494	
3,420	3,420			3,420	1,700	
72	158,119			158,119	120,644	
					157	
8,672	451,581		13,716	437,865	386,046	13.4
37,232	1,692,054		13,690	1,678,364	1,562,271	
98,423	415,872		1,174	414,698	276,207	
135,655	2,107,926		14,864	2,093,062	1,838,478	13.8
8,115	8,115			8,115	7,982	
5,129	5,129			5,129	5,062	
9,326	157,089			157,089	105,692	
					12,620	
158,225	2,278,259		14,864	2,263,395	1,969,834	14.9
11,047	911,926			911,926	898,318	
11,047	911,926			911,926	898,318	1.5
4,082	4,082			4,082	11,838	
9,022	9,022			9,022	9,022	
21,692	141,950			141,950	200,738	
	10,752			10,752	13,848	
45,843	1,077,732			1,077,732	1,133,764	(4.9)
5,900	1,196,427		880	1,195,547	1,169,211	
20,073	50,542			50,542		
25,973	1,246,969		880	1,246,089	1,169,211	6.6
14,942	14,942			14,942	14,866	
15,661	15,661			15,661	6,356	
7,920	43,482			43,482	185,706	
2,972	239,351			239,351	120,888	
67,468	1,560,405		880	1,559,525	1,497,027	4.2

Schedule 24 Net Academic Faculty Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Science:						
General Operating						
Dean's Office	$ 322,651	$	$ 117,873	$ 39,015	$ 9,986	$ 51,796
General Faculty	67,988		241,833	29,040	7,007	163,222
Applied Mathematics	623,963	35,713	26,372	57,061	15,392	28,177
Astronomy/Planetarium		3,169	36,229	3,538	887	18,102
Biological Sciences		62,241	64,237	7,805	2,846	15,626
Botany	749,667	18,345	139,125	80,806	19,948	74,667
Chemistry	1,550,890	169,532	350,343	177,028	47,019	188,784
Computer Science	1,584,686	116,026	103,279	164,869	41,600	146,371
Delta Research Station			83,627	8,406	1,884	52,174
Earth Sciences	872,901	53,035	284,318	112,228	27,455	141,957
Mathematics	1,653,720	51,562	70,334	155,775	40,650	30,517
Microbiology	658,071	40,109	131,428	70,928	18,758	99,229
Physics	1,468,574	94,880	483,800	185,181	48,121	96,643
Special Nursing Program	62,663	30,393	2,433	6,553	2,149	7,016
Star Lake Field Station			2,726	134	61	(299)
Statistics	718,520	62,544	29,934	68,863	17,958	29,851
Zoology	1,066,870	48,986	256,830	128,150	31,859	132,118
	11,401,164	786,535	2,424,721	1,295,380	333,580	1,275,951
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	431,436	1,195,511	538,617	107,183	29,535	1,624,504
Special Funds	127,124	35,720	21,200	14,009	3,499	22,055
	11,959,724	2,017,766	2,984,538	1,416,572	366,614	2,922,510
Social Work:						
General Operating						
Director's Office	1,261,609	72,445	154,071	133,890	33,222	193,757
	1,261,609	72,445	154,071	133,890	33,222	193,757
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research	66,420	32,160	12,761	7,503	2,316	60,310
Special Funds	557,484	39,785	136,584	62,875	15,606	1,523,062
	1,885,513	144,390	303,416	204,268	51,144	1,777,129
Undistributed Salary Anomalies and Merit	150,000					
Total Academic:						
General Operating	72,536,706	4,162,668	16,045,288	8,055,428	2,072,648	11,049,369
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Total Operating	72,536,706	4,162,668	16,045,288	8,055,428	2,072,648	11,049,369
Research	3,217,217	8,730,720	7,831,560	1,216,717	313,315	10,721,878
Special Funds	2,281,846	2,071,095	1,703,411	434,473	125,729	9,442,166
	$ 78,035,769	$ 14,964,483	$ 25,580,259	$ 9,706,618	$ 2,511,692	$ 31,213,413

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
$	$ 541,321	$	$	$ 541,321	$ 447,215	
61,893	570,983		24,913	546,070	647,280	
	786,678			786,678	718,835	
4,004	65,929			65,929	66,650	
14,121	166,876			166,876	146,359	
7,698	1,090,256		2,523	1,087,733	1,026,149	
33,004	2,516,600	14,006	7,895	2,494,699	2,335,076	
43,111	2,199,942			2,199,942	2,211,979	
12,247	158,338	8,402	21,054	128,882	82,780	
12,249	1,504,143	16,410	8,249	1,479,484	1,368,825	
10,829	2,013,387			2,013,387	1,843,022	
8,053	1,026,576			1,026,576	1,081,594	
14,257	2,391,456	89,415	11,740	2,290,301	2,410,457	
14,461	125,668			125,668	68,091	
	2,622			2,622	20,804	
3,174	930,844	325	13,253	917,266	920,460	
18,131	1,682,944			1,682,944	1,518,615	
257,232	17,774,563	128,558	89,627	17,556,378	16,914,191	3.8
209,125	209,125			209,125	283,183	
607,976	607,976			607,976	552,513	
644,441	4,571,227			4,571,227	5,000,715	
7,527	231,134			231,134	181,949	
1,726,301	23,394,025	128,558	89,627	23,175,840	22,932,551	1.1
23,259	1,872,253		57,588	1,814,665	1,639,752	
23,259	1,872,253		57,588	1,814,665	1,639,752	10.7
5,053	5,053			5,053	4,323	
2,948	2,948			2,948	2,948	
24,382	205,852			205,852	201,679	
40,938	2,376,334			2,376,334	2,174,895	
96,580	4,462,440		57,588	4,404,852	4,023,597	9.5
	150,000			150,000		
1,978,052	115,900,159	780,923	3,165,714	111,953,522	106,596,996	5.0
745,467	745,467			745,467	844,653	
2,047,847	2,047,847			2,047,847	1,400,850	
4,771,366	118,693,473	780,923	3,165,714	114,746,836	108,842,499	5.4
3,526,286	35,557,693			35,557,693	34,800,780	
526,968	16,585,688			16,585,688	15,834,082	
$ 8,824,620	$170,836,854	$ 780,923	$ 3,165,714	$166,890,217	$159,477,361	4.6

Schedule 25 Net Other Academic Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Academic Review Program:						
General Operating	$	$	$	$	$	$ 61,826
						61,826
Central Breeding Facility:						
General Operating			71,643	6,322	1,427	99,978
			71,643	6,322	1,427	99,978
Research		1,947	639	108	58	
		1,947	72,282	6,430	1,485	99,978
Computer Services:						
General Operating						
Computer Centre			2,080,268	185,025	47,030	560,276
Administrative Data Centre			1,001,191	96,750	22,554	7,851
Computer Equipment						33,647
			3,081,459	281,775	69,584	601,774
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Special Funds		2,437	257,969	17,406	5,862	
		2,437	3,339,428	299,181	75,446	601,774
Instructional Media:						
General Operating						
Director's Office			1,280,793	116,567	28,859	238,871
			1,280,793	116,567	28,859	238,871
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Research						
Special Fund			987	(217)	22	
			1,281,780	116,350	28,881	238,871
Micro Computer Centre:						
General Operating	21,600		84,539	9,098	2,390	48,816
	21,600		84,539	9,098	2,390	48,816
Office of Higher Education Management:						
General Operating	8,025		21,425	3,007	663	149,577
	8,025		21,425	3,007	663	149,577
Miscellaneous Capital						
Special Fund						5,977
	8,025		21,425	3,007	663	155,554
Research Development:						
General Operating	4,195	75,263	38,560	6,354	2,059	125,303
	4,195	75,263	38,560	6,354	2,059	125,303
Research	205	3,670	170		4,775	2,041
	4,400	78,933	38,730	6,354	6,834	127,344

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
$	$ 61,826	$	$ 14,590	$ 47,236	$ 43,320	9.0
	61,826		14,590	47,236	43,320	9.0
1,852	181,222	145,912		35,310	44,073	(19.9)
1,852	181,222	145,912		35,310	44,073	(19.9)
	2,752			2,752		
1,852	183,974	145,912		38,062	44,073	(13.6)
33,067	2,905,666	45,719	119,970	2,739,977	2,234,933	
	1,128,346		18,893	1,109,453	1,041,160	
2,303,159	2,336,806			2,336,806	2,021,038	
2,336,226	6,370,818	45,719	138,863	6,186,236	5,297,131	16.8
5,586	5,586			5,586	7,110	
150,603	150,603			150,603		
50,344	334,018			334,018	445,668	
2,542,759	6,861,025	45,719	138,863	6,676,443	5,749,909	16.1
67,263	1,732,353	274,523	61,269	1,396,561	1,322,784	
67,263	1,732,353	274,523	61,269	1,396,561	1,322,784	5.6
202,085	202,085			202,085	160,359	
353,548	353,548			353,548	218,494	
					6,571	
	792			792		
622,896	2,288,778	274,523	61,269	1,952,986	1,708,208	14.3
56,788	223,231		53,065	170,166	189,170	(10.0)
56,788	223,231		53,065	170,166	189,170	(10.0)
4,785	187,482	42,920	43,400	101,162		
4,785	187,482	42,920	43,400	101,162		
14,713	14,713			14,713		
	5,977			5,977		
19,498	208,172	42,920	43,400	121,852		
52,230	303,964			303,964	225,626	
52,230	303,964			303,964	225,626	3.7
	10,861			10,861	89,331	
52,230	314,825			314,825	314,957	0.0

Schedule 25 Net Other Academic Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Staff Development Program:						
General Operating	$	$	$	$	$	$ 79,415
						79,415
Transport Institute:						
General Operating						
Director's Office	22,596	19,601	20,410	4,628	1,300	23,364
	22,596	19,601	20,410	4,628	1,300	23,364
Research	37,659	289,901	39,193	24,859	6,952	42,003
Special Funds		1,860	525	24	12	10,212
	60,255	311,362	60,128	29,511	8,264	75,579
Colleges:						
General Operating						
Warden's Office — St. John's College	75,977		129,918	19,838	4,686	28,844
Rector's Office — St. Paul's College	38,868		135,097	16,226	3,916	35,641
Provost's Office — University College	28,124		71,083	9,597	2,234	28,583
	142,969		336,098	45,661	10,836	93,068
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Special Funds						4,306
	142,969		336,098	45,661	10,836	97,374
Total Other Academic:						
General Operating	199,385	94,864	4,934,927	473,412	117,118	1,521,992
Miscellaneous Capital						
Equipment Replacement & Reclamation Projects						
Total Operating	199,385	94,864	4,934,927	473,412	117,118	1,521,992
Research	37,864	295,518	40,002	24,967	11,785	44,044
Special Funds		4,297	259,481	17,213	5,896	20,495
	$ 237,249	$ 394,679	$ 5,234,410	$ 515,592	$ 134,799	$ 1,586,531

		Deduct — Cost Recoveries		*Net Expenditure*		
Equipment Alter., Etc.	*Gross Expenditure*	*Inter-Departmental Income*	*Other Income*	*March 31, 1988*	*March 31, 1987*	*% Increase (Decrease)*
$	$ 79,415	$	$	$ 79,415	$ 18,917	319.8
	79,415			79,415	18,917	319.8
8,988	100,887		331	100,556	97,260	
8,988	100,887		331	100,556	97,260	3.4
(497)	440,070			440,070	377,592	
	12,633			12,633	13,192	
8,491	553,590		331	553,259	488,044	13.4
5,058	264,321		19,000	245,321	240,733	
6,209	235,957			235,957	220,296	
24,344	163,965	17,516	5,915	140,534	143,936	
35,611	664,243	17,516	24,915	621,812	604,965	2.8
6,003	6,003			6,003	5,612	
15,167	15,167			15,167	12,862	
	4,306			4,306		
56,781	689,719	17,516	24,915	647,288	623,439	3.8
2,563,743	9,905,441	526,590	336,433	9,042,418	7,843,246	15.3
228,387	228,387			228,387	173,081	
519,318	519,318			519,318	231,356	
3,311,448	10,653,146	526,590	336,433	9,790,123	8,247,683	18.7
(497)	453,683			453,683	473,494	
50,344	357,726			357,726	458,860	
$ 3,361,295	$ 11,464,555	$ 526,590	$ 336,433	$ 10,601,532	$ 9,180,037	15.5

Statement B

Schedule 26 Net Library Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
Dafoe Library	$ 1,857,104	$	$ 2,611,475	$ 427,907	$ 100,768	$ 2,312,741
Dental Library	54,451		66,851	10,104	2,731	52,487
Law Library	113,471		201,648	30,346	7,106	303,686
Medical Library	177,579		316,435	46,561	11,138	395,719
St. John's College Library	49,310		38,280	7,572	1,973	836
St. Paul's College Library	46,447		65,984	5,631	2,532	35,391
	2,298,362		3,300,673	528,121	126,248	3,100,860
Miscellaneous Capital						
Total Operating	2,298,362		3,300,673	528,121	126,248	3,100,860
Research						47,513
Special Funds	27,632	450	10,705	3,670	863	246,727
	$ 2,325,994	$ 450	$ 3,311,378	$ 531,791	$ 127,111	$ 3,395,100

Schedule 27 Net Student Services Expenditure by Account and Funding

	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
Alumni Association	$	$	$ 55,801	$ 5,238	$ 1,258	$ 12,241
Chaplain's Office						3,218
Counselling Services	487,393	9,405	65,429	48,703	12,699	40,651
Housing and Student Life			62,295	5,580	1,403	21,792
International Centre for Students	19,014		26,050	4,531	1,015	14,083
Native Student Advisor			17,529	1,513	394	981
Recreation and Athletics	398,855	54,835	1,069,366	110,794	35,528	814,888
Special Programming	177,002	225	62,786	20,633	5,404	54,894
Student Awards Office	27,224		147,978	15,225	3,944	16,500
U.M.S.U. Special Projects						12,000
University Centre Commission						25,092
University Health Services	80,770		177,592	21,734	5,839	32,661
	1,190,258	64,465	1,684,826	233,951	67,484	1,049,001
Miscellaneous Capital						
Total Operating	1,190,258	64,465	1,684,826	233,951	67,484	1,049,001
Research						3,042
Special Funds	21,385		135,880	6,141	2,317	293,731
	$ 1,211,643	$ 64,465	$ 1,820,706	$ 240,092	$ 69,801	$ 1,345,774

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1988	March 31, 1987	% Increase (Decrease)
$ 72,757	$ 7,382,752	$ 18,226	$ 67,133	$ 7,297,393	$ 6,750,076	
	186,624			186,624	184,602	
	656,257			656,257	657,662	
1,029	948,461			948,461	915,151	
	97,971			97,971	91,904	
	155,985			155,985	149,074	
73,786	9,428,050	18,226	67,133	9,342,691	8,748,469	6.8
11,979	11,979			11,979	10,014	
85,765	9,440,029	18,226	67,133	9,354,670	8,758,483	6.8
423	47,936			47,936	52,398	
11,865	301,912			301,912	141,030	
$ 98,053	$ 9,789,877	$ 18,226	$ 67,133	$ 9,704,518	$ 8,951,911	8.4

Statement B

$ 599	$ 75,137		$	$ 75,137	$ 96,322	
	3,218			3,218	3,988	
6,608	670,888		7,117	663,771	607,634	
1,384	92,454		20,491	71,963	76,463	
2,059	66,752		59,651	7,101	53,325	
	20,417			20,417	21,624	
69,101	2,553,367		1,736007	817,360	617,730	
31,567	352,511		62,757	289,754	253,219	
1,597	212,468			212,468	239,805	
	12,000			12,000	12,004	
	25,092			25,092	50,176	
801	319,397		200,606	118,791	184,686	
113,716	4,403,701		2,086,629	2,317,072	2,216,976	4.5
82,820	82,820			82,820	9,386	
196,536	4,486,521		2,086,629	2,399,892	2,226,362	7.8
	3,042			3,042	47,560	
2,346	461,800			461,800	318,844	
$ 198,882	$ 4,951,363		$ 2,086,629	$ 2,864,734	$ 2,592,766	10.5

Statement B

Schedule 28 Net Administration Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
President and Vice-Presidents' Offices	$ 679,640	$	$ 810,150	$ 127,476	$ 34,023	$ 578,570
Admissions Office			479,321	44,019	10,792	147,814
Board of Governors			88,355	8,374	2,001	76,734
Communications						2,005
Comptroller's Office			1,880,647	180,677	42,187	276,541
Employee Relations and Personnel			909,664	86,466	20,524	127,063
Institutional Analysis			234,285	22,790	5,288	18,357
Internal Audit			140,889	12,624	3,186	5,604
Legal Fees						112,799
Office Machine Services			142,668	15,239	3,227	109,726
Planning Office			99,700	7,396	1,662	30,435
Printing and Publications Services			516,779	53,044	11,647	635,789
Senate Secretariat			113,429	11,239	2,526	14,385
Student Records Office			598,334	54,768	13,520	371,081
Staff Benefits Office			187,421	16,813	4,229	41,344
University Relations and Information			141,156	13,063	3,187	361,799
	679,640		6,342,798	653,988	157,999	2,910,046
Miscellaneous Capital						
Total Operating	679,640		6,342,798	653,988	157,999	2,910,046
Research		10,000				37,130
Special Funds		10,263	5,970	541	272	71,455
	$ 679,640	$ 20,263	$ 6,348,768	$ 654,529	$ 158,271	$ 3,018,631

Schedule 29 Net Physical Plant and Energy Management Expenditure by Account and Funding

General Operating				
Insurance	$	$	$	$ 613,767
Operations and Maintenance:				
Energy Management	3,384,413	323,800	76,381	551,841
Physical Plant and Safety	1,006,593	98,948	22,670	164,355
Buildings and Grounds	4,350,266	416,849	97,116	319,955
Post Office and Mail Service	192,043	20,053	4,322	848,867
Security	667,563	64,632	15,148	33,055
Utilities:				
Colleges				173,200
Energy Conservation	54,810	5,561	1,234	29,862
Fuel — Fort Garry				1,351,765
Fuel — Medical and Dental				1,098,446
Light, Power and Water				3,776,718
Telephone	44,265	4,710	996	1,788,661
Vehicle Fleet				33,967
Workers Compensation				312,622
	9,699,953	934,553	217,867	11,097,081
Miscellaneous Capital and Special Projects				
Equipment Replacement & Reclamation Projects				
Total Operating	9,699,953	934,553	217,867	11,097,081
Research				
Special Funds	786	28	18	
	$ 9,700,739	$ 934,581	$ 217,885	$ 11,097,081

		Deduct — Cost Recoveries		Net Expenditure		
Equipment Alter., Etc.	Gross Expenditure	Inter-Departmental Income	Other Income	March 31, 1988	March 31, 1987	% Increase (Decrease)
$ 55,150	$ 2,285,009	$ 26,389	$ 162,546	$ 2,096,074	2,044,307	
7,169	689,115			689,115	668,154	
20	175,484			175,484	159,284	
	2,005			2,005	25,977	
39,239	2,419,291	722	14,582	2,403,987	2,232,082	
36,803	1,180,520			1,180,520	1,135,545	
16,928	297,648			297,648	280,034	
1,470	163,773			163,773	157,897	
	112,799			112,799	91,203	
548,645	819,505	522,807		296,698	(38,660)	
5,373	144,566			144,566	121,453	
211,106	1,428,365	1,130,837	343,122	(45,594)	40,682	
3,766	145,345			145,345	146,511	
108,295	1,145,998		80,203	1,065,795	766,391	
9,215	259,[illegible]		119,395	139,627	151,508	
3,353	522,558	236,267	17,147	269,144	224,125	
1,046,532	11,791,003	1,917,022	736,995	9,136,986	8,206,493	11.3
63,672	63,672			63,672	16,329	
1,110,204	11,854,675	1,917,022	736,995	9,200,658	8,222,822	11.9
3,770	50,900			50,900	52,320	
(843)	87,658			87,658	149,598	
$ 1,113,131	$ 11,993,233	$ 1,917,022	$ 736,995	$ 9,339,216	$ 8,424,740	10.9

Statement B

$	$ 613,767	$	$	$ 613,767	$ 485,520	
461,809	4,798,244	2,444	167,615	4,628,185	4,523,999	
73,460	1,366,026	2,564	18,646	1,344,816	1,290,397	
138,487	5,322,673	8,457	230,718	5,083,498	4,947,361	
9,906	1,075,191	790,476	25,852	258,863	237,452	
18,203	798,601	613,783		184,818	215,320	
	173,200		44,265	128,935	129,458	
65,635	157,102			157,102	115,471	
	1,351,765	173,113	631,248	547,404	1,286,597	
	1,098,446		11,640	1,086,806	923,681	
	3,776,718	56,632	586,390	3,133,696	2,900,745	
	1,838,632	1,747,527	7,977	83,128	325,179	
18,078	52,045	69,677		(17,632)	(8,862)	
	312,622		72,890	239,732	182,244	
785,578	22,735,032	3,464,673	1,797,241	17,473,118	17,554,562	(0.5)
1,659,645	1,659,645			1,659,645	1,774,734	
2,454,469	2,454,469			2,454,469	2,010,618	
4,899,692	26,849,146	3,464,673	1,797,241	21,587,232	21,339,914	1.2
					1,987	
	832			832		
$ 4,899,692	$ 26,849,978	$ 3,464,673	$ 1,797,241	$ 21,588,064	$ 21,341,901	1.2

Statement B

Schedule 30 Net General Expenditure by Account and Funding

	Salaries and Wages					
	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
General Operating						
Alumni Phone/Mail Campaign	$	$	$ 10,127	$ 59	$ 226	$ 125,631
Calendars						43,136
Convocation			40,767	4,147	920	109,311
Handicapped Transport						3,121
Miscellaneous						10,942
Mosaic	3,600	338	37,912	4,126	942	9,381
Ombudsman			84,607	7,534	1,907	6,493
Outreach Programmes						19,386
Pay Equity						80,239
Pharmacy			31,725	2,951	696	116,752
Playcare Centre			43,103	3,828	973	4,560
Private Funding			220,088	19,762	4,988	197,211
Retiring Allowances				38,078		
Rentals						4,318
Reservations Department			99,807	5,442	2,115	76,254
Supplementary Health & Dental				111,355		
Supplementary Pensions				724,590		
University Centre Management			40,701	4,264	697	14,715
University of Manitoba Press			48,654	4,618	1,096	4,530
United Appeal			3,710	122	83	1,916
	3,600	338	661,201	930,876	14,643	827,896
Miscellaneous Capital						
Total Operating	3,600	338	661,201	930,876	14,643	827,896
Research			5,000			13,983
Special Funds		1,294	40,232	4,095	1,247	69,697
	$ 3,600	$ 1,632	$ 706,433	$ 934,971	15,890	$ 911,576

	Academic	*Special Academic*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Total Schedules 24 to 30:						
General Operating	$ 76,907,951	$ 4,322,335	$ 42,669,666	$ 11,810,329	$ 2,774,007	$ 31,556,245
Miscellaneous Capital and Special Projects						
Equipment Replacement & Reclamation Projects						
Total Operating	76,907,951	4,322,335	42,669,666	11,810,329	2,774,007	31,556,245
Research	3,255,081	9,036,238	7,876,562	1,241,684	325,100	10,867,590
Special Funds	2,330,863	2,087,399	2,156,465	466,161	136,342	10,144,271
	$ 82,493,895	$ 15,445,972	$ 52,702,693	$ 13,518,174	$ 3,235,449	$ 52,568,106

Equipment Alter., Etc.	Gross Expenditure	Deduct — Cost Recoveries Inter-Departmental Income	Deduct — Cost Recoveries Other Income	Net Expenditure March 31, 1988	Net Expenditure March 31, 1987	% Increase (Decrease)
$ 27,334	$ 163,377		$	$ 163,377	$	
	43,136		5,076	38,060	56,304	
	155,145			155,145	162,365	
	3,121			3,121	3,208	
12,968	23,910			23,910	95,121	
	56,299			56,299	55,989	
	100,541			100,541	101,180	
	19,386			19,386	22,556	
	80,239			80,239		
	152,124		156,113	(3,989)		
	52,464		49,100	3,364	5,237	
13,996	456,045			456,045	346,646	
	38,078		7,993	30,085	41,347	
42,907	47,225			47,225	45,184	
	183,618		162,575	21,043		
	11,355			11,355	94,624	
	724,590		512,761	211,829	200,525	
	60,377		32,140	28,237		
	58,898			58,898	55,866	
	5,831			5,831	844	
97,205	2,535,759		925,758	1,610,001	1,286,996	29.0
1,834	1,834			1,834		
99,039	2,537,593		925,758	1,611,835	1,286,996	29.1
	18,983			18,983	19,653	
487	117,052			117,052	109,122	
$ 99,526	$ 2,673,628		$ 925,758	$ 1,747,870	$ 1,415,771	27.0

Statement B

$ 6,658,612	$176,699,145	$ 6,707,434	$ 9,115,903	$160,875,808	$152,453,738	5.6
2,793,804	2,793,804			2,793,804	2,828,197	
5,021,634	5,021,634			5,021,634	3,634,824	
14,474,050	184,514,583	6,707,434	9,115,903	168,691,246	158,924,759	6.2
3,529,982	36,132,237			36,132,237	35,448,192	
591,167	17,912,668			17,912,668	17,011,536	
$ 18,595,199	$238,559,488	$ 6,707,434	$ 9,115,903	$222,736,151	$211,384,487	5.4

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
The University Investment Trust Fund:			
Dr. John E. Abra Fund	$ 20,000	$ 5,026	$ 25,026
Dr. John Earl Abra Scholarship in Orthodontics	3,329	326	3,655
Rahul Aggarwal Memorial Fund	3,072	292	3,364
Agriculture and Home Economics Loan Fund	2,828	18,731	21,559
Agriculture Engineering Scholarship		1,983	1,983
Agriculture Faculty Awards	8,472	849	9,321
Sir James Aikins Fund	14,220	1,417	15,637
Lloyd Aitken Memorial Bursary	5,954	593	6,547
Aaron Akman Scholarship Fund	5,057	1,137	6,194
Alberta Award — Faculty of Management		404	404
Dr. Frank Allen Medal Fund	2,279	222	2,501
Altrusa Club of Winnipeg Award	3,322	321	3,643
Anatomical Research Fund	61,662	26,782	88,444
C. L. Anderson Feed-Rite Awards and Fellowship	100,000	12,554	112,554
Clara Kemila Anderson Memorial Fund	5,914	596	6,510
Arthur Andersen & Co. Fellowship		13,553	13,553
Frances J. Anderson Trust Fund	24,857	2,442	27,299
Irene Anderson Memorial Scholarship	10,981	1,046	12,027
T. A. (Stoney) Anderson Gold Medal	850	82	932
Armed Forces Memorial Award	6,498	1,858	8,356
The Henry Percy Armes Memorial Lectures Fund	12,000	5,122	17,122
Doreen Ash Memorial Prize	1,555	159	1,714
Asian Studies Centre	484	12	496
The Charles Lorraine Atkinson Fund	36,000	4,265	40,265
Isabel Auld Entrance Scholarship Trust Fund	2,000		2,000
The A. J. Averbach Memorial Prize	1,000	99	1,099
Back to the Land Assistance Association Prize	13,515	1,389	14,904
Rose Dora Baru Prize in Judaic Studies	1,654	162	1,816
Emma J. Bates Memorial Fund	9,441	1,008	10,449
Michael Beach Memorial Fund	3,097	681	3,778
Paul R. Beaudoin Memorial Geochemistry Scholarship	6,690	27	6,717
Ed & Evelyn Bell Bursary	2,796	462	3,258
C. K. Bell Memorial Fund	1,294	235	1,529
L. Nian Bellan Memorial Scholarship Fund		1,118	1,118
The Caroline Berbrayer Scholarship Fund	26,779	3,914	30,693
Prof. C. P. Bennett Thesis Award	3,063	303	3,366
Benidickson Reading Room	25,000	4,589	29,589
The Edith Rose Berger Scholarship in Judaic Studies	3,117	314	3,431
Harry Berger Scholarship Fund	3,929	389	4,318
Rozelle Berger Bursary	4,708	473	5,181
Norman S. Bergman Bursary	1,037	210	1,247
Emil Bernier Memorial Bursary Fund	1,206	206	1,412
Edmund Berry Fund	12,200	202	12,402
Charles Biesick Memorial Bursary	5,307	805	6,112
Bison Foundation	132,611		132,611
Biting Fly Research Chair	952	14	966
The Olafur Bjornson Prize	829	82	911
Lt. James Wallace Black Memorial Award	2,013	197	2,210
Cecil Black Memorial Law Bursary	2,000	203	2,203
Cecil Black Memorial Prize in Current Legal Problems	1,666	364	2,030
Cecil Black Memorial Prize in Estate Planning	1,500	148	1,648
Dr. William Bloom Prize Fund	985	97	1,082
The Jack Blumberg Memorial Prize	1,024	101	1,125
Boise Cascade Scholarship	20,889	2,103	22,992
Dorothy M. Bolton Scholarship Fund	3,066	303	3,369
Botany Dalgarno Distinguished Visitor Award		18,073	18,073

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
The Ethel Louise (Armstrong) and John Esterbrook Botterell Fund	5,784	1,912	7,696
Dr. Manly Bowles Scholarship	3,462	345	3,807
Stella Boyd Memorial Scholarship	2,600	278	2,878
Dr. George A. Brass Teaching Fund	9,673	11,818	21,491
Aaron Bricker Memorial Scholarship Fund	2,196	219	2,415
Bristol Aerospace Limited — W. Murray Auld Bursary	7,069	536	7,605
Robert (Bob) Bristow Memorial	683		683
Alan Bronfman Family Scholarship	40,722	4,104	44,826
The Rosa Brook Scholarship Fund	3,532	351	3,883
The Israel Brotman Memorial Bursary	2,437	258	2,695
Helen Broughton Prize	3,081	303	3,384
Estate of Dora M. Brown		21,468	21,468
Neil Kay Brown Memorial Bursary	5,287	538	5,825
Richard Brown Memorial Bursary	3,082	310	3,392
George Brownell Memorial Prize	18,012	1,765	19,777
Robert Bruce Memorial Fund	4,016	396	4,412
Dr. Michael Bruser Memorial Bursary	7,928	805	8,733
Dr. Michael Bruser Memorial Fund	9,419	1,567	10,986
Nathan S. Bubbis Memorial Bursary	15,142	1,434	16,576
The Manley Burshtein Memorial Bursary in Medicine	11,009	1,109	12,118
Sarah F. Burshtein Memorial Bursary	7,175	714	7,889
Dr. L. W. Caldbick Scholarship	2,381	240	2,621
James H. Cameron Scholarship	12,798	1,277	14,075
Janet Ian Cameron Memorial Bursary	2,186	217	2,403
The Caminetsky Prize in Pharmacology and Therapeutics		1,132	1,132
A. Lorne Campbell, Q.C. Fund		2,633	2,633
Dr. and Mrs. Ralph Campbell Outreach Award	1,428	1,335	2,763
Dr. William F. Campbell Scholarship in Orthodontics	4,229	423	4,652
Canadian Society for Mechanical Engineering Gold Medal	1,058	102	1,160
Dr. Peter Cansfield Memorial Fund	237	61	298
Canada Northlands Development Award	7,016	704	7,720
Patricia Card Memorial Bursary	2,078	157	2,235
E. V. Caton Memorial Scholarship	4,396	753	5,149
C.A.R.M. — N.R.I. Endowment		2,344	2,344
Center for Accounting Research	100,000	8,337	108,337
Chair of Icelandic Language and Literature	311,195		311,195
Chairman of the Board, Special Opportunity Trust Fund	500	506	1,006
Chair in Women's Studies	626,157	57,640	683,797
Chair of Management	145,000	9,168	154,168
The Chancellor's Prize Fund	3,602	352	3,954
Chemistry Graduate Studies Scholarship	2,419	73	2,492
Muriel Brooks Childerhose Memorial Scholarship	2,684	270	2,954
Alice M. Chisholm Bursaries	7,196	725	7,921
Charles Gray Chown Scholarship Fund	338,400	251,521	589,921
Dr. H. H. Chown Prize Fund	8,514	880	9,394
W. J. Christie Memorial Bursary	9,990	993	10,983
A. J. Christie Prize	3,919	388	4,307
Colonel Edward Churchill Prize	1,812	178	1,990
Estate of Nancy Hetti Clark		7,089	7,089
Maurice Chusid Memorial Bursary	5,218	517	5,735
Class of Arts and Science '30 Prize	722	71	793
Dr. John W. Clay Medal Fund	1,646	159	1,805
John W. Clay Scholarship Fund	8,566	8,214	16,780
Cleft Palate Fund	16,103	8,902	25,005

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Harold R. Coish Memorial Scholarship	10,509	1,367	11,876
Anne Cohen Memorial Bursary	11,338	1,200	12,538
Benjamin Cohen Scholarship	3,824	378	4,202
Sara and Moses Cohen Prize in Law	1,872	184	2,056
Dr. E. N. Cole Memorial Fund	2,803	277	3,080
College of Physicians and Surgeons Loan Fund		1,569	1,569
Roma Collins Memorial Fund		1,118	1,118
Hazel G. Cook Memorial Cancer Research Bequest	42,505	98,891	141,396
Admin/Transport Building Fund	5,002		5,002
Samuel Corman Memorial Bursary	2,264	232	2,496
James H. Cook Memorial Bursary	8,601	857	9,458
H. I. Corne Prize	1,504	149	1,653
Estate of Elva S. Corrigill	57,486	6,458	63,944
Dr. Vic Corroll General Proficiency Award	1,092	107	1,199
June Helen Coulter Memorial Fund	10,000	982	10,982
Peter L. Coultry Memorial Book Prize	1,253	123	1,376
Cowcup Trust Fund		600	600
Don Craik Memorial Library Fund	45,673	725	46,398
Don Craik Memorial Scholarship Fund	6,680	450	7,130
Bruce Currie Memorial Scholarship Fund		1,853	1,853
The Peter D. Curry Chancellor's Award		458	458
Estate of James C. Dalgarno	120,917	24,229	145,146
Catherine Elizabeth Davidson Bursaries in Medicine	3,236	332	3,568
Lorna M. Davis Scholarship		10	10
The Dr. N. Demchuk Award	3,227	324	3,551
Dental Museum — History	3,092	2,059	5,151
Emilie Sumi Denney Scholarship	3,472	343	3,815
Development Campaign		388	388
Development Fund — Alumni	152	25	177
Estate of Dr. Agnes Isabelle Dodds	7,577	32,021	39,598
Murray S. Donnelly Award	742	24	766
Joseph Doupé Medal Fund	7,203	688	7,891
Dr. Joseph Doupé Memorial Bursaries	4,283	419	4,702
The Ieleane Downey Memorial Book Prize	1,085	108	1,193
Anthony G. Draper Memorial Prize	770	76	846
Margaret Louise Drummond	2,454	173	2,627
Nicholas Dubick Memorial Scholarship	6,735	1,198	7,933
B. B. Dubienski Memorial Scholarship	11,190	2,177	13,367
The Duckworth Fund	6,172	266	6,438
August Dyck Scholarship Fund	3,096	676	3,772
Frank Edick Memorial Prize	500	49	549
Education Alumni Bursary		155	155
Grettir Eggertson Fund	2,591	9,828	12,419
The Mary Jane Ego Scholarship	6,494	636	7,130
Eleventh Field Ambulance Fund		842	842
Gissur Eliasson Memorial Scholarship	5,040	1,201	6,241
Miriam Green Ellis Fund in Animal Science	29,942	17,009	46,951
Miriam Green Ellis Fund in Plant Science	29,190	12,827	42,017
Employers' Association of Manitoba Scholarship in Commerce	13,921	1,378	15,299
Engineering Class of 46	15,776	890	16,666
English Speaking Union Prize	1,133	111	1,244
Audrey Watts Ensminger and Francis Watts Johnson Scholarship	11,229	1,114	12,343
Esther Brina Erenberg Memorial Scholarship	2,164	205	2,369
Sarah Essers Book Prize	934	94	1,028
Estey Family Endowment Fund	41,607	3,438	45,045
The Ewart Chair of Constitutional Law	20,000		20,000
The John S. Ewart Memorial Fund	64,455	9,759	75,214
Faculty of Management Library Fund	27,188	3,873	31,061
Faculty of Dentistry Library Trust Fund	25,481	2,694	28,175

Schedule 31 **Trusts and Endowments** ,

	Capital Account	*Current Account*	*Total*
Douglas Bartlett Fahlgren Memorial Prize	2,498	248	2,746
The Ethel M. Falardeau Scholarship (or Bursary) Fund	4,609	481	5,090
Dr. Ivy Falardeau Memorial Bursary Fund	15,641	2,826	18,467
William Fedorus Award	1,570	241	1,811
Dr. Elizabeth Feniak Fund	6,988	673	7,661
The E. P. Fetherstonhaugh Memorial Scholarship Fund	37,485	4,205	41,690
Financial Executives Institute — Wpg. Chapter	4,746	458	5,204
Fay Finestone Achievement Award	500	49	549
Sam Finkle Memorial Bursary	27,675	4,082	31,757
The David R. Finkelstein Memorial Bursary	3,562	358	3,920
Kenneth Finkelstein Prize in Sculpture	1,473	322	1,795
Miriam Finkelstein Memorial Bursary	2,694	276	2,970
Dr. Robert Fletcher Gold Medal in Education	737	72	809
Fort Garry Chamber of Commerce	8,268	812	9,080
Alf Francis Memorial Prize	1,500	148	1,648
Dr. Margaret Rose Frances Award Fund	1,399	30	1,429
Heinz Frank Memorial Scholarship	11,113	1,098	12,211
Chief Justice Samuel Freedman Faculty of Law Fund	4,500	1,209	5,709
Dr. Joseph Freeman Memorial Book Prize	535	53	588
Dr. H. P. H. Galloway Memorial Scholarship	20,254	1,962	22,216
Dr. Matthew Henry Garvin Estate	24,310	2,845	27,155
Dona Pilley Gauthier Memorial Scholarship		570	570
General Trust	1,443,798	2,055,166	3,498,964
Morris and Bella Genser Bursary	3,341	400	3,741
Geriatric Medical Bursaries		2,968	2,968
The Gershfield Estate Scholarship	1,579	157	1,736
Alexander Gibson Memorial Lectureship Fund		223	223
J. M. Gilchrist Bursary	5,354	546	5,900
Thorsteinn J. Gislason Memorial Scholarship	14,475	3,159	17,634
R. R. Goodwin, Q.C. Memorial Fund	14,835	2,950	17,785
Sari Golden Memorial Bursary	2,299	228	2,527
Mr. and Mrs. S. W. Golden Prize	554	55	609
Dr. Cyril H. Goulden Memorial Scholarship	4,322	441	4,763
Mitch Gowler Memorial Fund	6,835	1,648	8,483
Graduate Award in Pharmacology and Therapeutics	835	135	970
Dr. John M. Grahame Scholarship Fund	7,458	745	8,203
Anne Grady Memorial Bursary	5,000	488	5,488
Graduate Fellowships & Scholarship	450,000		450,000
James H. Gray Medal Fund	572	55	627
Hart Green Junior Memorial Prize in Criminal Procedure	1,367	135	1,502
Dr. Norman Greenberg Prize in Dentistry	550	54	604
Gilbert T. Gregory Memorial Prize	1,767	175	1,942
Josephine and Louis Green	1,150	112	1,262
Edward Oliver Grimsdick Memorial Prize	897	141	1,038
Gershon and Adela Grubert Memorial Scholarship	6,379	624	7,003
Pall Gudmundson Scholarship Fund	60,340	54,274	114,614
Estate of Joseph E. Guertin	108,768	158,999	267,767
Dr. John A. Gunn Memorial Scholarship in Surgery	5,138	517	5,655
The Honourable Mr. Justice R. Guy Memorial Research Fund	10,000	2,093	12,093
Eldon Hagglund Memorial Acquisition Fund	42,517	31,164	73,681
Monty Hall Scholarship Fund	13,725	335	14,060
Dr. F. W. L. Hamilton Scholarship Fund	6,743	660	7,403
William Leslie Haney Library	10,000	976	10,976
Joan Harland Scholarship Fund	6,391	645	7,036

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Jack Hart Memorial Scholarship		603	603
Margaret Elder Hart Graduate Study Award	10,033	937	10,970
The Hart Scholarship	4,821	849	5,670
Viktor Havlicek Memorial Fund	11,632	1,147	12,779
Charles Hawkins Memorial Bursary	20,494	1,816	22,310
John W. Hawryluk Memorial Scholarship	9,694	948	10,642
Leonard Heaton Memorial Scholarship	19,313	1,928	21,241
Dr. Frank Hechter Book Award	2,200	193	2,393
Gerald M. Hechter Bursary in Engineering	11,492	1,147	12,639
Irving L. Hechter Book Award	2,598	571	3,169
Shirley Joy Hechter Memorial Award	2,771	272	3,043
Dr. Ted Hechter Scholarship Fund	963	95	1,058
Mary E. Hedley Fellowship	5,240	2,553	7,793
Dr. R. L. Hedley Memorial Research Fund		10,236	10,236
Dale Henwood Lectureship	6,125	3,088	9,213
William J. Hill Memorial Fund	4,631	456	5,087
The Hirsch Memorial Prize	1,735	170	1,905
History Interdisciplinary Fund	2,147	209	2,356
Madge Hogarth Bursary Fund	11,931	1,253	13,184
The Alexandra Wrightson Hogg Scholarship	33,902	3,565	37,467
Dr. A. W. Hogg Bequest	260,347	589,247	849,594
Reverend Joseph Hogg Scholarship	44,258	5,804	50,062
Dr. A. W. Hogg Bequest (Faculty Loan Fund)		67,302	67,302
Abraham Bessie & Mina Hollenberg Bursary Fund	6,123	1,086	7,209
Dr. Esther Gorsey Hollenberg Memorial Bursary	25,726	2,712	28,438
Bernice and William Holub Medical Library Fund	5,353	541	5,894
Home Economics Manitoba Association Bursary	5,834	583	6,417
Human Ecology Students' Society Bursaries	5,147	514	5,661
Edith F. Hudson Memorial Fund	10,000	19,495	29,495
The Hon. Mr. Justice Hudson Prize in Law	2,575	252	2,827
The Professor W. M. Hugill Memorial Scholarship	12,657	2,209	14,866
Human Ecology 75th Anniversary	25	1,371	1,396
Dorothy Hunt Memorial Prize	477	52	529
Victoria Hull Memorial Fund	6,137	603	6,740
Michael H. Hykawy Memorial Scholarship	5,005	1,700	6,705
The Marcus Hyman Memorial Scholarship	3,111	628	3,739
Molly Hyman Award in Art		496	496
Samuel Hyman Memorial Prize	1,616	158	1,774
Immunology Pharmacia	100,000	7,746	107,746
Imperial Seed Co. Ltd. Scholarship	27,834	3,154	30,988
Institute for Social & Economic Research		6,509	6,509
Interlake Grassland Society Bursaries	13,535	1,351	14,886
Leonard Isaacs Scholarship	7,834	783	8,617
Isbister Scholarships	42,005	4,534	46,539
Sonia Roffman Isenberg Prize	579	53	632
Jared Israels Memorial Fund	18,583	1,802	20,385
Sarah and Simon Israels Memorial Lecture Fund	10,425	14,158	24,583
Msgr. John Iwanchuk Memorial	10,000	1,070	11,070
Richard Jackson Memorial Bursary	6,620	661	7,281
The Dr. Elmer S. James Memorial Fund	21,988	25,173	47,161
Duncan J. Jessiman, Q.C., Prize	1,000	98	1,098
Dr. A. V. Johnson Memorial Book Prize	691	68	759
William A. Johnston, Q.C. Estate	515,284	106,686	621,970
Mary Hamilton Johnston Memorial Bursary	3,971	392	4,363
Marie Jomini Scholarship	3,149	313	3,462
Brad Jonk Memorial Award		1,109	1,109

Schedule 31 Trusts and Endowments

	Capital Account	*Current Account*	*Total*
C. Meredith Jones Memorial Scholarship	8,993	889	9,882
Sophie Kanee Memorial Prize	992	98	1,090
Hung-Pin & Liu-Shih Kao Scholarship	2,869	284	3,153
Max Kaplan Prize in Legal Aspects of Business Planning	473	47	520
Rose Kare Memorial Fund	2,000	439	2,439
The Sadie Karr Memorial Book Prize	1,009	224	1,233
Aaron Katz Memorial Scholarship	2,037	208	2,245
Walter Kaufmann Scholarship		462	462
The Frances and Hyman Kay Bursary	3,289	735	4,024
The Mr. and Mrs. Samuel Fred Kay Bursary	3,177	321	3,498
Kellogg Foundation Medical Loan Fund	11,255	31,229	42,484
Kellogg Foundation Faculty of Dentistry Loan Fund	14,293	48,078	62,371
Dr. Frank Kennedy Memorial Fund	2,221	218	2,439
H. W. Kennedy Scholarship Fund	2,078	204	2,282
Joan Kennett Memorial Award	663	119	782
E. B. Kernaghan Bursary	33,218	3,611	36,829
Kidney Transplant Program	19,488	1,140	20,628
Dr. Alvin Klady Memorial Fund	3,189	697	3,886
Klieforth Prize in American History	1,265	122	1,387
Sheldon F. Kohn Bursary	4,500	458	4,958
David and Marion Korn Award	2,228	220	2,448
Knowles — Hawkins Memorial Bursary	6,273	624	6,897
Adalsteinn Kristjanson Scholarship	81,862	8,200	90,062
Leonard Krueger Centennial Award	1,693	173	1,866
Leonard Krueger Scholarship in Dentistry	1,160	113	1,273
Steve Kucyk Scholarship or Fellowship	10,632	1,044	11,676
Mike Kupfer Memorial Award	3,612	348	3,960
Jack Kusch Memorial Prize		276	276
Landscape Architecture Award Fund	1,000	1,079	2,079
Dr. T. J. Lamont Memorial Prize Fund	11,515	6,006	17,521
Sarah Ann Lambert Memorial Fund	12,233	12,774	25,007
Dr. W. G. Lamberd Memorial Fund	2,324	742	3,066
C. E. L'Ami Prize in Slavic Studies	6,425	654	7,079
H. V. Larusson Memorial Prize	634	116	750
Law Class of 1955 Fund		6,507	6,507
Law Class of 1976 Fund		4,080	4,080
The Rosabelle Searle Leach Scholarship	5,693	583	6,276
Learned Societies Fund	129,749	13,810	143,559
Esther Leckie Memorial Fund	5,400	907	6,307
Dr. J. M. Lederman Memorial Fund	9,012	915	9,927
Alexander Robert Leonard Scholarship	10,715	1,064	11,779
Ed Letinsky Annual Sketch Prize		266	266
Irving Levi Prize in Geology	357	35	392
David Levin Memorial Scholarship	2,750	275	3,025
James Palmer Lewis Lectureship Fund		2,634	2,634
Life Underwriters Association of Canada Prize	4,071	402	4,473
The Winona Lightcap Memorial Scholarship	3,500	376	3,876
Professor Robert J. Lockhart Memorial Fund	25,725	26,870	52,595
Jack Roy Longstaffe Bursaries		128,465	128,465
The William McLeod Lougheed Memorial Bursary	7,416	736	8,152
Donald George M. Lougheed Memorial Scholarship	4,116	576	4,692
Dr. G. Lubinsky Memorial Scholarship	3,219	321	3,540
Albert Lucas Prize Fund	1,482	144	1,626
Earl Lunsford Bursary	5,745	582	6,327
Elizabeth Luginbuhl Memorial Award	6,695	676	7,371
Sterling Rufus Lyon Scholarship in Const. Law	5,868	579	6,447
Michael Lyseyko Memorial Scholarship	10,250	797	11,047
Jack MacDonell Scholarship in Aging	21,241	6,740	27,981

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
David Ian MacKenzie Medal in Zoology	1,259	122	1,381
Gordon Mackie Scholarship		1,115	1,115
MacLaughlin-Hart Gold Medal Fund	2,347	227	2,574
Irwin H. Mael Pharmacy Student Loan Fund	512	352	864
Mar Foundation Fund for Chinese Studies	40,000	3,147	43,147
Laurell Maley Memorial Bursary Fund	7,131	712	7,843
Mykyta I. Mandryka Scholarship	5,383	524	5,907
Manitoba Alfalfa Seed Producers Assoc. Mem.	250	15	265
Manitoba Dental Association — Dental Hygiene Student Loan Fund	2,694	11,615	14,309
Man. Dental & Man. Alumni Assoc. Fund		23,880	23,880
Manitoba Diamond Jubilee Scholarship Fund	1,397	137	1,534
Manitoba Naturalists Society Scholarship	6,244	591	6,835
Manitoba Pharmaceutial Association Fund	41,829	3,117	44,946
Ralph Allan Mann Memorial Fund	6,204	7,609	13,813
Connie and Major Margolis Bursary	4,186	413	4,599
Mr. and Mrs. Max Margolis Prize	4,951	489	5,440
Anne Matas Memorial Prize in English	1,338	133	1,471
The Honourable Mr. Justice R. J. Matas Memorial Fund	7,230	625	7,855
The Honourable Mr. Justice R. J. Matas Canadian Law School Bursary	3,650	418	4,068
Charles A. May Memorial Bursary	815	170	985
Jean & Joseph M. McCombe Memorial Prize	9,467	922	10,389
Dr. Clifford McCormick Memorial Fund	5,168	908	6,076
Dr. W. A. McElmoyle Memorial Bursary	12,081	1,229	13,310
The Alexander McIntyre Prize in Education	4,291	418	4,709
Allan McKean Memorial Scholarship	4,686	477	5,163
John McKechnie Memorial Scholarship	6,814	691	7,505
M.C.L. Bird Station Bursaries	13,452	2,573	16,025
Mrs. V. McLaughlin Memorial Award	323	31	354
Dr. Harry Percival McPhail Memorial Scholarship	7,390	1,727	9,117
Medal of Merit in Home Economics	3,671	355	4,026
Medical Faculty Women's Club Centennial Prize in Medicine	3,201	309	3,510
Medical Faculty Women's Club Loan Fund	1,217	1,907	3,124
Medical Library Trust Fund	112,089	11,064	123,153
Medical Research Fund	5,102	18,675	23,777
Betty Meltzer Memorial Prize	1,006	99	1,105
Sara Meltzer Memorial Prize	5,055	512	5,567
Lillian Slusman Meyers Bursary in Medicine		534	534
Archie Micay, Q.C. Prize in Law	2,313	231	2,544
Estate of Sam Micsan	35,672	48,293	83,965
Roscoe R. Miller Scholarship	8,428	1,116	9,544
Allan R. Miller Scholarship Fund	2,175	966	3,141
Esther & Samuel S. Milmot Scholarship	5,000	519	5,519
Leon Mitchell, Q.C. Prize in Labour Relations Law	3,300	300	3,600
Jean Margaret Mitchell Memorial Award Fund	3,300	300	3,600
Estate of Sydney L. Morantz	6,727	1,468	8,195
L. D. Morosnick Prize	1,436	142	1,578
Estate of Mona G. Morrison		2,864	2,864
Jean Morton Memorial Bursary	4,797	477	5,274
W. L. Morton Gold Medal in History	1,716	166	1,882
George Mower Memorial Prize	647	64	711
Dan Muir Memorial Award	7,161	700	7,861
Marguerite Murray Scholarship	14,895	1,462	16,357
Paul Myers Memorial Award	858	84	942
Terry Jon Myers Award	3,570	367	3,937
Nabisco Chair in Marketing	240,050	37,120	277,170
Neaman-Shenkarow Opportunity Fund	10,000	5,716	15,716
Samuel M. Neamtan Memorial Scholarship	6,081	587	6,668

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Walter C. Newman Fund	10,190	995	11,185
N.H.R.D.P. Grant (re: Dr. Linda Garro)		9,421	9,421
Nicholson Memorial Fund	4,150	421	4,571
Dr. J. R. W. Nicholson Prize in Medicine	1,040	105	1,145
The Nickerson Prize in Pharmacology and Therapeutics	6,355	614	6,969
Burt Nitikman Memorial Lectures Fund	2,036	165	2,201
The Honourable I. Nitikman and Mrs. I. Nitikman Prize	1,432	142	1,574
The Alex Noble Memorial Scholarship	3,348	326	3,674
The George Alastair Noble Bursary	2,301	233	2,534
Bernard Noonan Memorial Fund	1,039	231	1,270
Hon. John Norquay Scholarship	4,044	397	4,441
Northern Sales Co. Ltd. — C. O. Swartz Fund	25,000	15,769	40,769
Mark Lewis Nozick Memorial Scholarship	13,490	1,448	14,938
Nursing Education Endowment Fund	29,476	21,402	50,878
O. T. Memorial Bursary		402	402
Doreen O'Donnell Memorial Scholarship	5,049	502	5,551
Okamura Trust Fund		1,788	1,788
Old Age Pensions Society of Manitoba Incorporated	1,000	220	1,220
The Mindel and Tom Olenick Medal and Prize in Microbiology	5,064	501	5,565
Dr. Morley Oretzki Scholarship Fund	1,879	190	2,069
Gordon P. Osler Fund	60,000	8,300	68,300
William James Osborne Scholarship	8,669	859	9,528
Halsey A. Park Memorial Prize	277	27	304
Israel & Bessie Parr Bursary	3,000	297	3,297
Florence Pauls Prize in Nursing	1,689	167	1,856
Florence Nightingale Paulson Endowed Bursary Fund	1,085	20	1,105
Andrew & Nellie Pawlik Scholarship	10,402	975	11,377
Nels and Elvira Pearson Scholarship Fund	4,215	411	4,626
H. C. Pentland Memorial Fund		1,073	1,073
Personnel Association of Greater Winnipeg	1,000	220	1,220
Aaron Jenkins Perry Memorial Scholarship	51,527	5,340	56,867
Perth Services Ltd. Award		3,780	3,780
David Renfrew Petrie Memorial Medal	1,690	162	1,852
Mary Pflueger Award		1,730	1,730
Richard (Dick) Lorne Pierce Memorial Bursary	2,792	277	3,069
Carol-Anne Plezia Memorial Bursary	12,772	1,262	14,034
Portnoy Prize Fund	1,183	423	1,606
Mr. and Mrs. Charles Portnuff Prize in Medicine	2,679	423	3,102
Baird Poskanzer Memorial Fund	4,454	1,338	5,792
Estate of Thomas James Pounder	26,515	43,699	70,214
Edward Ross Pressman Memorial Bursary	3,688	360	4,048
John Angus Prescott Memorial Book Prize	584	128	712
President's Research and Development Fund	5,240	596	5,836
President's Scholarship Fund		3,230	3,230
President's Special Projects Fund		2,023	2,023
Estate of J. M. Pritchard	10,000	2,197	12,197
Willard J. Condo Prosthodontic Bursary Fund	12,000	18,834	30,834
Dr. Donald B. Proctor Memorial Fund	4,601	1,829	6,430
Protein & Polypeptide Hormone Trust Fund	750,000	395,204	1,145,204
Leon Provancher Prize in Systematic Zoology	5,693	555	6,248
Prowse Prize Fund	41,998	4,580	46,578
Psychology Alumni Faculty Scholarship Fund	12,710	1,724	14,434
Dr. James Pullar Memorial Trust	25,306	2,486	27,792
The R.A.C. Memorial Scholarship	3,529	352	3,881
R.C.N.V.R. (Women's Auxiliary Scholarship Loan Fund)	2,038	13,009	15,047

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Dr. Maxwell S. Rady Scholarship in Obstetrics and Gynaecology	6,021	1,314	7,335
Dr. Maxwell S. Rady Scholarship	3,350	535	3,885
Josefine C. Rauch Memorial Prizes	5,973	581	6,554
Dr. Marvin Raynes Memorial Prize	1,604	265	1,869
Refresher Courses in Medicine		39,574	39,574
Donald Parker Reid Bursary in Medicine	15,810	1,631	17,441
Catherine Elizabeth Reimer Memorial Fund	3,099	307	3,406
Dr. Vernon B. Rhodenizer Graduate Scholarship	13,801	1,333	15,134
Jack Rice Memorial Scholarship	2,497	244	2,741
Marcel Richard Memorial Scholarship	8,755	860	9,615
The Marcel Richard — L'Alliance Francaise Prize	2,582	252	2,834
Cecil C. Richards Memorial Award	6,566	1,433	7,999
Mrs. Natalie Riedle Endowment Fund	84,434	9,030	93,464
Charles B. Rittenhouse Memorial Scholarship	25,000	1,965	26,965
Mrs. Ethel Roberts Memorial Prize	1,585	157	1,742
Arlene Meredith Roberts and Dr. T. J. Speakman Memorial Research Fund	2,000	456	2,456
Mary L. Robertson Memorial Scholarship	1,800	407	2,207
Estate of Alice Lyall Robertson		7,443	7,443
Esther Robinson Scholarship	4,000	407	4,407
Rockefeller Foundation Fund	244,363	617,489	861,852
Maysie Roger Memorial Fund	7,820	776	8,596
Arnold G. Rogers Medical Library Fund	10,034	970	11,004
Patricia Ruth Rogers Music Award	2,000	203	2,203
Dr. Sydney L. Rogers Scholar Fund	3,050	521	3,571
Phyllis May Rolfe Bursary		782	782
The Dr. Nelles Rollins Memorial Bursary	9,857	1,073	10,930
Elizabeth Lewis Rose Memorial Book Prize in Foods and Nutrition	725	71	796
Mark Rose Memorial Book Prize in Pharmacy	725	71	796
Dr. Charlotte W. Ross Memorial Prize and Gold Medal	7,679	741	8,420
John L. Ross, Q.C. Moot Competition Travel Award	12,950	2,360	15,310
A. Allyn Rossen Award for Proficiency in Cardiovascular Investigation	7,869	784	8,653
Dr. & Mrs. Victor Rosenfield Fund	2,867	496	3,363
Nathan Rothstein Prize	1,550	46	1,596
Nathan Rothstein Prize in Film Studies	3,469	554	4,023
Kenneth Roulston Memorial Scholarship	7,397	732	8,129
Royal Air Force Auxiliary Memorial Scholarship	2,837	285	3,122
Antoni and Helen Rudan Memorial Scholarship	2,614	255	2,869
J. B. Rumberg Memorial Fund	1,481	146	1,627
John A. Russell Alumni Bursary	21,284	2,511	23,795
G. S. Rutherford, Q.C. Memorial Fund	5,100	621	5,721
Bernice W. Safeer Prize	1,454	142	1,596
Rachel & Isaac Sair Scholarship	6,340	635	6,975
Dr. and Mrs. H. H. Saunderson Award Fund	55,249	12,188	67,437
Dr. H. H. Saunderson Award in Dentistry	5,770	565	6,335
The Anastasia Sawula Prize	1,518	150	1,668
School of Art Scholarship Fund	2,977	646	3,623
School of Physical Education Memorial Award		647	647
Paul Walter Schiewe Lecture Fund	5,000	416	5,416
Estate of Abraham Schwartz	1,077	105	1,182
Bernard C. Schwartz Scholarship	28,330	5,441	33,771
Fredrick Otto Schwartz Medical Library Memorial Fund	5,422	548	5,970
Science Students' Association Bursary	6,912	657	7,569
Seagram Visiting Lecture Fund	10,000	2,299	12,299

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Lord Selkirk Association of Rupertsland Memorial Scholarship	10,964	2,609	13,573
George H. Sellers Chair in Cancer Research	265,425	20,931	286,356
Dr. Sunil K. Sen Scholarship	1,385	139	1,524
Gladys Waldman Shaffer Memorial Bursary	2,880	285	3,165
Mr. and Mrs. Alexander Shack Prize in English	12,116	1,149	13,265
Philip Shane Memorial Bursary	9,494	950	10,444
Mr. and Mrs. J. D. Shanski Bursary	6,731	1,198	7,929
John Shanski Physical Education Bursary	6,208	624	6,832
John M. Sharp Memorial Fund	16,012	1,562	17,574
Clarence Bogardous Sharpe Memorial Scholarship	113,690	10,994	124,684
Dr. John P. Shaw Scholarship Fund	16,069	6,392	22,461
The Polly and George Sheps Prize	4,521	453	4,974
A. Mark Shinbane, Q.C. Law Library Fund	2,000	41	2,041
Dr. Alvin Shinoff Medal	1,880	182	2,062
W. H. Shinn Memorial Bursary	6,794	686	7,480
The Morris and Sarah Shnier Memorial Bursary	5,161	514	5,675
Mr. and Mrs. Max Shore Travelling Scholarship		10,938	10,938
Morris Shore Scholarship in Business Administration	11,309	1,136	12,445
Morris Shore Scholarship Fund	5,060	503	5,563
Mr. and Mrs. S. Sigurdson Memorial Scholarship	2,891	302	3,193
Edwin Silver Scholarship		1,219	1,219
Rubin Simkin Fund	6,019	1,020	7,039
The Mr. and Mrs. Saul Simkin Bursary in Medicine	3,878	402	4,280
W. J. (Bill) Sinclair Memorial Award	1,000	2,749	3,749
A. Simms, Legal Counsel, University of Manitoba		50,420	50,420
Solomon Sinclair Endowment	3,500	311	3,811
The Robert Sirluck Scholarship in Canadian History	3,885	395	4,280
The Mr. and Mrs. J. Skaletar Memorial Scholarship	5,019	508	5,527
Mark Smerchanski Prize	912	90	1,002
Dr. Emanuel Snell Bursary	1,034	177	1,211
Dr. Elizabeth B. Smith Award	2,247	220	2,467
Grant Smith Memorial Bursary		142	142
The Society of Management Accountants of Manitoba Prize — Robert Syme Memorial Scholarship	5,436	543	5,979
Lieutenant Morris Soronow Memorial Scholarship	1,892	188	2,080
Lieutenant M. M. Soronow Memorial Prize	1,398	129	1,527
Mr. and Mrs. George Soudack Scholarship for the Humanities	3,415	358	3,773
Special Scholarships in Home Economics	18,754	1,629	20,383
Winthrop Spencer Scholarship Fund	7,214	697	7,911
Morton Stall Memorial Scholarship	2,615	427	3,042
Olive Beatrice Stanton Award for Excellence in Teaching	34,752	7,411	42,163
Estate of Esther R. Steele	27,946	3,585	31,531
The Dr. Jon Stefansson Memorial Scholarship	6,329	660	6,989
Veelia and Sharon Stern Memorial Award	10,536	1,044	11,580
A. M. Stewart Memorial Bursary	4,093	412	4,505
Paul Stewart Memorial Fund	1,301	126	1,427
Ronald K. Stewart-Hay Memorial Bursary	17,519	785	18,304
E. W. Stringham Award for Excellence in Animal Science	6,164	601	6,765
Student's Architectural Society Award	5,030	815	5,845
Student's Emergency Loan Fund		2,527	2,527

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Summer Session Students' Council Memorial Bursary Fund	21,095	9,305	30,400
The Nathan Sures Scholarship	1,587	197	1,784
Edna Sutherland Bequest	15,935	16,235	32,170
David L. Swancar Memorial Fund for Legal Research	6,850	669	7,519
Robert Syme Memorial Fund	12,523	1,250	13,773
Wasyl Swystun Prize in Ukrainian Studies		1,021	1,021
Sam and Mary Szach Bursary	5,742	570	6,312
Hon. Mr. Justice Tarnopolsky	3,121	306	3,427
Lawrence Tapper Prize in Accounting	526	53	579
Dallas Taylor Memorial Prize	2,066	204	2,270
Dr. Ellen Fraser Taylor Faculty of Medicine Development Fund	151,662	122,285	273,947
Nena Tessler Memorial Bursary	5,062	504	5,566
E. J. Thomas Prize	5,647	438	6,085
The Rhys Thomas Memorial Prize in Music	694	75	769
W. W. Thomson Scholarship Fund	16,470	1,597	18,067
Ernest Payson Thompson Memorial Bursary Fund	5,657	565	6,222
Elizabeth and Robert Tibbs Memorial Bursary	2,874	297	3,171
Jeffrey Tinkler Memorial Scholarship Fund	5,933	243	6,176
John R. Troniak Memorial Award Fund	6,580	664	7,244
Dr. J. R. Trott Memorial Fund		5,322	5,322
Alfred Rea Tucker Memorial Scholarship	66,203	6,533	72,736
Bessie Turner Memorial Prize	1,425	139	1,564
Keith Turner, Q.C. Memorial Fund		666	666
The Frederick W. Tuxworth Bursary	12,596	1,253	13,849
U. of M. Football Scholarship Fund		59,762	59,762
U. of M. Hockey Scholarship Fund		31,520	31,520
UMA Group — Faculty of Engineering	1,500	29	1,529
University Centre Management Group Fund	50,198	4	50,202
University Fund for Property Replacement	53,925	34,761	88,686
Gerry Stewart Varnes, Jr. Memorial Bursary	4,575	132	4,707
Jack S. Verner Memorial Scholarship	4,293	438	4,731
Vineberg Research Prize in Psychology	1,052	104	1,156
Garson N. (Gerry) Vogel Memorial Award	6,305	642	6,947
Christian Walker Memorial Bursary	16,528	2,657	19,185
Norma E. Watts Walker Award	3,268	314	3,582
Lila Wallace — Reader's Digest Endowed Scholarship	65,500	2,229	67,729
Wallace and Akins Limited Bursary	12,550	1,252	13,802
Professor Sidney Warhaft Memorial Fund	9,623	951	10,574
Dr. L. A. H. Warren Chair in Actuarial Science	539,665	73,651	613,316
Samuel Weiner Memorial Fund	40,796	8,278	49,074
H. E. Welch Award of Excellence in Zoology	2,140	172	2,312
The Helga Nielson Westdal Memorial Bursary	3,203	324	3,527
Digby Wheeler Radiological, Educational and Fellowship Trust	514,680	676,220	1,190,900
Isabel Wettlaufer Scholarship	1,021	100	1,121
Doris Irene Wilton Memorial Scholarship	13,185	884	14,069
Kathy Windsor Memorial Bursary	13,179	2,205	15,384
Dr. S. J. Winkler Memorial Award	4,952	470	5,422
Winnipeg Branch — Canadian Physiotherapy Association Loan Fund	298	1,309	1,607
Winnipeg Dental Society — Dentistry Research Fund	3,500	3,365	6,865
Winnipeg Women's Air Force Auxiliary Memorial Bursary	5,925	589	6,514
J. Wolinsky Scholarship	11,314	479	11,793
Jack Woodhouse Memorial Bursary Fund	2,555	258	2,813
E. L. Wright Memorial Scholarship Fund	3,700	325	4,025

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Morgan W. Wright Clinical Psychology Award		1,644	1,644
Don Wright Scholarships in Music	28,775	2,644	31,419
A. Yaciw Fund for Ukrainian Studies	20,000	2,842	22,842
Philip Yaffe Memorial Prize	4,144	392	4,536
Dr. A. A. Yauniskis Memorial Scholarship Fund	11,615	1,193	12,808
Dr. Tet Pin Yong Award in Undergraduate Surgery	2,379	496	2,875
Sarah Zarow Prize in Prosthodontology		527	527
Mary and Joe Zeal Prize	1,372	134	1,506
Pauline and Samuel Zinman Prize in Constitutional Law	1,443	141	1,584
Zonta Club of Winnipeg Bursary	5,569	539	6,108
Development Fund:			
Carman High School	68	168	236
St. John's High School	45	113	158
Springfield High School	138	339	477
Unrestricted	514,259	25,292	539,551
Faculty of Agriculture	64,907	2,179	67,086
Faculty of Architecture	64,704	5,928	70,632
Faculty of Arts	9,789	191	9,980
Faculty of Science	69,835	2,844	72,679
Faculty of Management	3,336	130	3,466
Faculty of Dentistry	54,630	2,007	56,637
Faculty of Education	23,139	900	24,039
Faculty of Engineering	98,215	2,465	100,680
Faculty of Human Ecology	20,342	785	21,127
Faculty of Law	990	45	1,035
Faculty of Medicine	73,713	3,044	76,757
Faculty of Pharmacy	2,778	114	2,892
School of Art	1,022	40	1,062
School of Music	4,615	158	4,773
Faculty of Physical Education	4,708	12	4,720
School of Nursing	1,900	18	1,918
Library Acquisitions	11,878	1,903	13,781
General Endowment	11,461	898	12,359
Scholarships	5,692	505	6,197
Fellowships	1,730	88	1,818
Research	2,910	202	3,112
Equipment	1,125	80	1,205
Support Staff Projects	10,561	709	11,270
Landscaping (University)	6,468	446	6,914
Health Sciences Learning Resource Centre	806,025	59,597	865,622
University Hall	8,587	689	9,276
Continuing Education	5,989	357	6,346
Faculty of Management Student Placement	5,396	495	5,891
Earth Science	9,736	614	10,350
St. Paul's College	414	250	664
St. John's College	472	228	700
Suspense	73	703	776
Library Endowment	3,319	200	3,519
University College	1,708	54	1,762
Student Affairs	2,298	108	2,406
	14,354,989	7,209,787	21,564,776
Less: Loans to Students and Staff, Contra	13,018	63,157	76,175
Subtotal: The University Investment Trust Fund.	14,341,971	7,146,630	21,488,601

Schedule 31 **Trusts and Endowments**

	Capital Account	*Current Account*	*Total*
Specific Trusts:			
Administrative Studies Associates Fund	$	$ 587,773	$ 587,773
Administrative/Transport Building		1,071	1,071
Tim Black Memorial Award	1,000	303	1,303
Estate of Gertrude E. Childs	6,075	1,271	7,346
Joseph Doupé Building Fund		325,560	325,560
Lawrence Genser Music Scholarship	9,933	2,368	12,301
Hamilton Memorial Research Scholarship	20,000	4,181	24,181
Dr. Ellis J. Jarjour Fund	1,000	71	1,071
Maclachlan Charitable Trust Fund	150,000	136,479	286,479
Dr. Lorne E. MacLachlan Educational Endowment Fund	50,000	11,837	61,837
Manitoba Medical College	81,602	24,457	106,059
Archie Micay Q.C. Award	5,400	231	5,631
Mr. Justice & Mrs. I. Nitikman Prize	2,000	323	2,323
H. E. Sellers Chair of Medicine	1,539,000	124,891	1,663,891
Leslie Michael Shelton Memorial Scholarship	13,126	1,055	14,181
Unemployment Insurance Premium Reduction Fund		111,000	111,000
University of Manitoba Students' Union — University Centre Building Fund		132,822	132,822
Dr. Max Wachnow Orthodontic Scholarship	7,500	99	7,599
	1,886,636	1,465,792	3,352,428
Add: Loans to Students and Staff Made from Trsut and Endowments Participating in the University Investment Trust Fund, Contra	13,018	63,157	76,175
Subtotal: Specific Trusts and Endowments,	1,899,654	1,528,949	3,428,603
Total Trusts and Endowments, Schedule 15	$16,241,625	$ 8,675,579	$24,917,204

Manitoba

THE UNIVERSITY OF MANITOBA PENSION PLANS

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements A, B, C and D and Schedule 1, of The University of Manitoba Pension Plans, being the University of Manitoba Pension Plan (1970) and The University of Manitoba G.F.T. Pension Plan (1986), for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Manitoba Pension Plans as at December 31, 1987 and the results of their operations for the year then ended in accordance with the accounting policies stated in notes 1 and 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA,
Assistant Provincial Auditor.

March 22, 1988,
Winnipeg, Manitoba.

Statement A

THE UNIVERSITY OF MANITOBA
PENSION PLANS

Balance Sheet
As at December 31, 1987
(with 1986 figures for comparison)

	1987	1986
ASSETS		
Held by Assurance Company (Schedule 1) (Note 2)	$ 12,496,736	$ 14,821,621
Held by a Trust Company (Schedule 1) (Note 2)	229,812,895	211,429,236
TOTAL	$242,309,631	$226,250,857
CONTRIBUTION ACCOUNTS AVAILABLE FOR BENEFITS		
The University of Manitoba Pension Plan (1970)		
Members:		
Regular	$104,081,350	$ 97,252,257
Voluntary	5,196,525	5,099,871
	109,277,875	102,352,128
University:		
Regular	100,240,655	93,574,498
General	12,176,125	11,226,485
	112,416,780	104,800,983
	221,694,655	207,153,111
The University of Manitoba G.F.T. Pension Plan (1986)		
Members:		
Regular	8,922,812	8,629,062
Voluntary	1,339,978	1,206,370
	10,262,790	9,835,432
University:		
Regular	10,352,186	9,262,314
	20,614,976	19,097,746
TOTAL	$242,309,631	$226,250,857

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

Statement B

THE UNIVERSITY OF MANITOBA
PENSION PLAN (1970)

Statement of Pension Plan Contribution Accounts
For the year ended December 31, 1987
(with 1986 figures for comparison)

	Members Accounts		University Accounts		Total	Total
	Regular	Voluntary	Regular	General	1987	1986
ADDITIONS						
Contributions:						
Members, Regular	$ 6,135,594	$	$	$	$ 6,135,594	$ 5,940,536
Members, Voluntary		49,494			49,494	817,023
University, Regular			6,135,594		6,135,594	5,940,536
Transfers from other Plans		64,210		3,548	67,758	63,336
Withdrawal Credits				301,697	301,697	341,524
	6,135,594	113,704	6,135,594	305,245	12,690,137	13,102,955
Investment Income (Statement D)	8,248,765	444,598	7,929,337	941,139	17,563,839	25,259,219
	14,384,359	558,302	14,064,931	1,246,384	30,253,976	38,362,174
DEDUCTIONS						
Transfer G.F.T. Pension Plan (1986) (Note 4)						15,982,865
Benefits:						
Retirements	5,106,643	386,564	4,967,268		10,460,475	9,880,241
Deaths	329,172	38,848	328,965		696,985	1,140,662
Terminations -						
Transfers to other Plans	1,545,467	28,293	1,531,084		3,104,844	984,023
Refunds and Annuity Purchases	573,984	7,943	571,457		1,153,384	957,545
Supplementary Pension (Note 6 [iii])				296,744	296,744	279,039
	7,555,266	461,648	7,398,774	296,744	15,712,432	29,224,375
NET INCREASE FOR THE YEAR	6,829,093	96,654	6,666,157	949,640	14,541,544	9,137,799
BALANCE AT JANUARY 1	97,252,257	5,099,871	93,574,498	11,226,485	207,153,111	198,015,312
BALANCE AT DECEMBER 31	$104,081,350	$ 5,196,525	$100,240,655	$12,176,125	$221,694,655	$207,153,111

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

Statement C

THE UNIVERSITY OF MANITOBA
G.F.T. PENSION PLAN (1986)

Statement of Pension Plan Contribution Accounts
For the year ended December 31, 1987
(with 1986 figures for comparison)

	Members Accounts		University	Total	Total
	Regular	Voluntary	Regular	1987	1986
ADDITIONS					
Contributions:					
Members, Voluntary	$	$	$	$	$ 177,790
University			795,952	795,952	741,645
Transfers from other Plans		116,643		116,643	367,141
Transfer from Pension Plan (1970) (Note 4)					15,982,865
		116,643	795,952	912,595	17,269,441
Investment Income (Statement D)	751,160	103,438	781,637	1,636,235	2,255,102
	751,160	220,081	1,577,589	2,548,830	19,524,543
DEDUCTIONS					
Benefits:					
Retirements	165,363	23,950	173,862	363,175	
Terminations -					
Transfers to other Plans	286,151	62,523	304,712	653,386	404,607
Refunds and Annuity Purchases	5,896		9,143	15,039	22,190
	457,410	86,473	487,717	1,031,600	426,797
NET INCREASE FOR THE YEAR	293,750	133,608	1,089,872	1,517,230	19,097,746
BALANCE AT JANUARY 1	8,629,062	1,206,370	9,262,314	19,097,746	
BALANCE AT DECEMBER 31	$8,922,812	$1,339,978	$10,352,186	$20,614,976	$19,097,746

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

STATEMENT D

THE UNIVERSITY OF MANITOBA
PENSION PLANS

Statement of Investment Income
For the year ended December 31, 1987
(with 1986 figures for comparison)

	1987	1986
ADDITIONS		
Assurance Company Deposits and Pooled Funds	$ 994,743	$ 1,717,437
Interest:		
Cash Balances	14,767	21,354
Short Term Notes	2,020,457	1,362,072
Mortgages	62,817	104,079
Government and Corporate Bonds	9,929,580	9,309,342
Dividends:		
Stock - Canadian	1,964,113	1,932,454
Stock - Foreign	665,942	651,936
Real Estate	309,589	143,475
Net Increase (Decrease) in accrued income at December 31	(21,405)	258,298
	15,940,603	15,500,447
Adjustments:		
Net realized gain on sale of securities	10,317,432	11,047,853
Adjustment of book values to market values for stocks and real estate pooled funds held by Trust Company	(6,868,525)	1,189,480
Amortization of bond discount (Note 2)	421,325	337,865
	3,870,232	12,575,198
	19,810,835	28,075,645
DEDUCTIONS		
Administrative Expenses:		
External Agencies' management fees	494,670	450,560
University of Manitoba administration charge	116,091	110,764
	610,761	561,324
INVESTMENT INCOME AVAILABLE FOR ALLOCATION	19,200,074	27,514,321
ALLOCATED TO:		
The University of Manitoba Pension Plan (1970) (Statement B)	17,563,839	25,259,219
The University of Manitoba G.F.T. Pension Plan (1986) (Statement C)	1,636,235	2,255,102
	$19,200,074	$27,514,321

(The accompanying Notes, pages 1 to 6, and Schedule form an integral part of the Financial Statements)

THE UNIVERSITY OF MANITOBA
PENSION PLANS

Notes to the Financial Statements
December 31, 1987

ACCOUNTING POLICIES

1. The annual financial statements of the University of Manitoba Pension Plans, being the University of Manitoba Pension Plan (1970) and the University of Manitoba G.F.T. Pension Plan (1986), are prepared on a cash basis, modified to include investment income on an accrual basis. The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plans on an actuarial valuation basis.

2. For the purpose of preparing the financial statements and calculating the investment income to be distributed to the Contribution Accounts, the following basis of valuing assets is used:

   Held by Trust Company:

   Short Term Investments and Mortgages at cost.

   Bonds at cost adjusted for amortization of premiums and discounts in excess of one percent of par on a straight line basis to December 31 preceding the maturity date.

   Stocks and Real Estate Pooled Fund at market.

   Held by Assurance Company:

   Investments of the pooled funds are valued at market.

GENERAL COMMENTS

3. For the purpose of allocating investment income to the contribution accounts the investment income is determined quarterly. Investment income for a quarter consists of actual and accrued income and realized and unrealized capital gains or losses, except for unrealized capital gains or losses on bonds or mortgages. Actual and accrued expenses chargeable to the Plans are deducted before any distribution is made. Net investment income is distributed pro-rata to all accounts based on the number of units held by such accounts at the beginning of the quarter.

4. The University of Manitoba G.F.T. Pension Plan (1986) was established effective January 1, 1986 for staff members employed as Geographical Full-Time Staff of the Faculty of Medicine. The transfer represents the sum of the amounts described in the Memorandum of Agreement and Release signed by eligible staff members who had previously contributed to the University of Manitoba Pension Plan (1970). The transfer of liability from the University of Manitoba Pension Plan (1970) to the University of Manitoba G.F.T. Pension Plan (1986) terminated the staff member's membership in the former Plan. The establishment of the separate Plan did not involve any separation of assets.

5. The University of Manitoba Pension Plans are Trusteed Plans. The assets are held in the name of The Trustees of The University of Manitoba Pension Plan (1970). There are seven Trustees, one appointed by the Board of Governors of the University of Manitoba and six elected by the contributors to the Pension Plans from within the Plan membership. The University of Manitoba administers the Pension Plans under the terms of an agreement entered into with the Trustees dated December 31, 1973.

6. The University of Manitoba Pension Plan (1970)

   (i) Membership in the Plan is a condition of employment for staff members with a full-time continuing appointment, other than staff members eligible for membership in the University of Manitoba G.F.T. Pension Plan (1986). Part-time staff who meet specified requirements are eligible to become members of the Plan. Part-time staff employed for at least three years on a sessional basis or at least 50 percent of the standard worktime during each pay period must participate in the Plan. Staff appointed on or after January 1, 1984 who meet the employment and earnings requirement of the Pension Benefits Act of the Province of Manitoba must also participate in the Plan. The requirement is employment during two consecutive calendar years, in each of which basic salary has been at least equal to 25 percent of the Canada Pension Plan Maximum Pensionable Earnings for that calendar year. Any part-time staff member employed for at least two consecutive years may elect to be a member of the Plan.

(ii) The Plan provides that each Member shall have:

(a) an Employee Contribution Account which is credited with the Member's contributions and the account's share of investment income,

(b) a University Contribution Account which is credited with contributions equal to the Member's regular contributions and the account's share of investment income.

At retirement the proceeds of the Member's two accounts are applied to purchase an annuity based on the election made by the Member. This is referred to as the Member's Basic Pension or Money Purchase Pension. The Plan provides that a Member will receive a minimum pension based on an approved formula encompassing the average of the Member's best five years basic salary and years of service. To the extent that a Member's Money Purchase Pension is less than the guaranteed amount, the Member will receive a Supplementary Pension to increase the pension to the required level.

On termination of employment other than by retirement, a Member may elect to:

- have the proceeds of the two accounts either applied to purchase an annuity, or be transferred to another Registered Employee Pension Plan, or, provided the administrator of the Plan agrees to administer the Plan in accordance with the provision of the Pension Benefits Act of the Province of Manitoba, to a Registered Retirement Savings Plan or,
- receive a cash payment of their Employee Contribution Account excluding any portion thereof, which is subject to the locking-in requirements of the Pension Benefits Act of the Province of Manitoba. The locking-in applies equally to the University Contribution Account.

The benefit on death prior to retirement is equal to the Member's Contribution Accounts except for the Member's University Contribution Account, contributions and earnings, between April 1, 1979 and December 31, 1984.

(iii) Since 1970, the Supplementary Pension payments have been made from the University General Account . Funds for the University General Account normally originate from the following:

(a) that portion of a Member's University Contribution Account which is forfeited when a terminating Member elects a cash settlement of his or her pension accumulation,

(b) the annual payment required to amortize the unfunded liability of the Plan, as established by the University's actuary, paid into the University General Account by the University from its Fund Account for Benefit Improvement and Maintenance,

(c) pro-rata share of net investment income.

7. The University of Manitoba G.F.T. Pension Plan (1986)

(i) Membership in the Plan is a condition of employment for staff members of the Faculty of Medicine who sign a Geographical Full-Time Agreement.

(ii) The Plan provides that each Member shall have:

A University Contribution Account which is credited with the University's regular contribution and share of investment income.

This account for any Member who was a Member of the University of Manitoba Pension Plan (1970) includes the University Contribution Account transferred from that Plan. Such Member also has an Employee Contribution Account which is credited with the Employee Contribution Account transferred and share of investment income.

At retirement the proceeds of the Member's account(s) are applied to purchase an annuity based on the election made by the Member. This is referred to as the Member's Basic Pension or Money Purchase Pension.

On termination of employment other than by retirement, a Member may elect to:

- have the proceeds of the account(s) either applied to purchase an annuity, or be transferred to another Registered Employee Pension Plan, or, provided the administrator of the Plan agrees to administer the Plan in accordance with the provision of The Pension Benefits Act of the Province of Manitoba, to a Registered Retirement Savings Plan.

A Member who had contribution accounts transferred from The University of Manitoba Pension Plan (1970) may elect to receive in lieu of the above:

- a cash payment of their Employee Contribution Account excluding any portion thereof, which is subject to the locking-in requirements of the Pension Benefits Act of the Province of Manitoba. This component as well as the component of the University Contribution Account which is subject to the lock-in will be applied to provide income at retirement.

The benefit on death prior to retirement is the total of the Account(s) except that amount, if any, represented by the Member's University Contribution Account, contribution and earnings, between April 1, 1979 and December 31, 1984.

8. An actuarial valuation of the University of Manitoba Pension Plan (1970) was completed during 1986 as of December 31, 1985. The valuation reported that the Plan was fully funded with no requirement for special payments. The Valuation Report has been filed with and approved by The Manitoba Pension Commission. A valuation of the Plan will be undertaken as of December 31, 1987.

9. The year-end market value of mortgages and of bonds is disclosed as supplementary information only. Market value for mortgages and bonds is not used in the determination of investment income. The market figures shown for mortgages and for bonds were taken from the investment summaries provided by the custodian, Canada Trust Company.

10. Comparative figures for the year ended December 31, 1986 have been restated where appropriate to conform with the presentation adopted for December 31, 1987.

Schedule 1

THE UNIVERSITY OF MANITOBA PENSION PLANS
Assets at December 31, 1987
(with 1986 figures for comparison)

	1987	1986
Held by Assurance Company; Market Value (Statement A) (Note 2)		
Transaction Account	$ (1,978,184)	$ 364,303
Money Market Fund	2,679,808	2,248,985
Mortgage Fund	1,935,204	3,448,496
(Cost, 1987 - $1,981,929)		
Bond Fund	2,946,234	1,434,097
(Cost, 1987 - $3,009,725)		
Canadian Equity Index Fund	3,927,521	4,742,547
(Cost, 1987 - $3,587,153)		
Canadian Equity	590,090	
(Cost, 1987 - $ 744,405)		
Foreign Equity Fund	1,167,124	1,387,828
(Cost, 1987 - $1,155,290)		
Real Estate Fund	1,228,939	1,195,365
(Cost, 1987 - $1,135,385)		
	12,496,736	14,821,621
Held by Trust Company (Statement A) (Note 2)		
Cash and Short Term Notes	34,054,569	17,313,744
Bonds - Canada, Provincial and Provincial Guaranteed, at amortized cost (Note 9)		
(Market, 1987 - $66,864,381; 1986 - $72,712,724)	67,652,533	66,868,262
Bonds - Corporate, at amortized cost (Note 9)		
(Market, 1987 - $35,970,084; 1986 - $30,144,116)	36,878,026	29,563,384
Stocks - Canadian, at market value		
(Cost, 1987 - $54,162,200; 1986 - $54,554,396)	64,004,518	68,928,248
Stocks - American Foreign, at market value		
(Cost, 1987 - $17,190,949; 1986 - $16,919,771)	20,860,757	22,310,428
Real Estate - Pooled Fund, at market value		
(Cost, 1987 - $ 2,944,100; 1986 - $ 2,668,235)	3,172,945	2,893,088
Mortgages (Market 1987 - $300,856; 1986 - $655,568) (Note 9)	298,428	639,558
Accrued Interest and Dividends Receivable	2,891,119	2,912,524
	229,812,895	211,429,236
TOTAL, Statement A	$242,309,631	226,250,857

Manitoba

UNIVERSITY OF MANITOBA RESEARCH LTD.

Report of the Provincial Auditor's Office

We have examined the Consolidated Balance Sheet of University of Manitoba Research Ltd. as at March 31, 1988, and the related Consolidated Statements of Operations and Deficit and Changes in Cash Resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at March 31, 1988 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting policies set out in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 17, 1988
Winnipeg, Manitoba

UNIVERSITY OF MANITOBA RESEARCH LTD.
Consolidated Balance Sheet
As at March 31, 1988
(With comparative figures for the prior year)

ASSETS

	1988	1987
Current Assets:		
Cash and Bank	$11,043	$14,737
Short Term Investments	35,031	
Accounts Receivable	292,884	142,094
Accrued Revenue	82,937	49,907
	421,895	206,738
Fixed Assets:		
Furniture and Equipment	17,511	1,685
Computer Equipment and Software	46,943	16,042
	64,454	17,727
Less: Accumulated Depreciation	18,699	2,585
	45,755	15,142
	$467,650	$221,880

LIABILITIES AND SHAREHOLDERS' EQUITY

	1988	1987
Current Liabilities:		
Accounts Payable	$381,301	$137,803
Deferred Revenue	26,959	6,855
HEALTHINFO/SOURCESANTE funds held in trust (Note 6)	8,978	
Income Taxes Payable by Subsidiary	2,285	
	419,523	144,658
Shareholders' Equity:		
Capital Stock:		
Authorized:		
200 Class I Common Shares		
Unlimited Class A non-cumulative, non-participating Preferred shares, redeemable at $100		
Issued:		
200 Class I Common Shares	200	200
Contributed Surplus (Note 4)	100,000	100,000
Deficit	(52,073)	(22,978)
	48,127	77,222
	$467,650	$221,880

UNIVERSITY OF MANITOBA RESEARCH LTD.

Consolidated Statement of Operations and Deficit
For the Year Ended March 31, 1988
(With comparative figures for the prior year)

	1988 12 Months	1987 7 Months
Revenue:		
Contract	$705,468	$265,543
Seminar	2,400	
Career Start Grant - Province of Manitoba	3,520	
Investments		1,268
	711,388	266,811
Expenses:		
Accounting and Legal	7,740	2,748
Advertising	7,379	9,968
Computer	6,631	2,898
Consulting Fees	65,007	20,700
Courier and Delivery	5,400	1,068
Depreciation	16,113	2,585
Duplicating	2,234	2,726
Maintenance and Repairs	11,486	427
Memberships	3,363	1,308
Moving	1,944	
Office	33,577	19,052
Postage and Mailing	12,356	6,768
Rent	10,950	8,050
Salaries, Wages, and Benefits	478,934	198,341
Seminars	1,485	
Telephone	43,924	7,876
Travel	29,675	5,274
	738,198	289,789
Loss for the Period, before Income Taxes	(26,810)	(22,978)
Provision for Income Taxes Payable by Subsidiary	2,285	
Loss for the Period	(29,095)	(22,978)
Accumulated Deficit, beginning of year	(22,978)	
Accumulated Deficit, end of year	($52,073)	($22,978)

UNIVERSITY OF MANITOBA RESEARCH LTD.
Consolidated Statement of Changes in Cash Resources
For the Year Ended March 31, 1988
(With comparative figures for the prior year)

	1988 12 Months	1987 7 Months
CASH PROVIDED BY (USED FOR)		
Operating Activities		
Net loss	($29,095)	($22,978)
Items not involving cash: Depreciation	16,113	2,585
	(12,982)	(20,393)
Net change in non-cash working capital balances related to operations	56,015	(47,343)
	43,033	(67,736)
Financing Activities		
Issue of capital stock		200
Receipt of contributed surplus		100,000
	0	100,200
Investing Activities		
Additions to fixed assets	(46,727)	(17,727)
	(46,727)	(17,727)
INCREASE (DECREASE) IN CASH	(3,694)	14,737
CASH AT BEGINNING OF PERIOD	14,737	
CASH AT END OF PERIOD	$11,043	$14,737

UNIVERSITY OF MANITOBA RESEARCH LTD.
Notes to the Consolidated Financial Statements
As at March 31, 1988

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1. Status and Nature of the Corporation and Subsidiary

University of Manitoba Research Ltd. was incorporated as a wholly-owned subsidiary of the University of Manitoba in 1984. The company was activated in August 1986 through the establishment of a Social Sciences Division.

The Social Sciences Division of the company conducts primarily contract research and survey research in the social sciences for private and public enterprise.

The University of Manitoba Research and Development Ltd., a wholly-owned subsidiary of University of Manitoba Research Ltd., was incorporated in 1984, and was activated in January 1988.

2. Significant Accounting Policies

(a) The financial statements consolidate the accounts of University of Manitoba Research Ltd., and its' wholly-owned subsidiary, University of Manitoba Research and Development Ltd.

(b) The financial statements have been prepared on the accrual basis.

(c) Recognition of Revenue:

Contract revenue is recognized using the percentage of completion method.

(d) Fixed Assets:

The company provides for depreciation on fixed assets in order to amortize the cost of the assets over their useful lives.

Computer Equipment	25% per annum straight line
Furniture and Equipment	25% per annum straight line

3. Services Provided by the University of Manitoba

The University of Manitoba provides the services of certain of the senior officers of the company at no charge to the company.

4. Contributed Surplus

The University of Manitoba provided $100,000 in start-up funding from the University's Trust and Endowment Fund.

UNIVERSITY OF MANITOBA RESEARCH LTD.
Notes to the Consolidated Financial Statements
As at March 31, 1988

5. University of Manitoba Research Ltd., (UMR), is not subject to tax under the Income Tax Act. University of Manitoba Research and Development Ltd., (UMRD), is subject to tax under the Income Tax Act. Since its' activation in January 1988, UMRD has earned net income of $9,257 before Income Taxes, and has incurred Income Taxes payable of $2,285.

6. HEALTHINFO/SOURCESANTE has been set up as a non-profit society dealing with the dissemination of information regarding tobacco and health. It is funded with contributions from the Government of Canada, several provinces, and other non-profit organizations.
As at March 31, 1988, the following transactions had occurred:

Funds Received to March 31, 1988		$45,031
Less: Incorporation and Misc. Costs	608	
Project costs	35,445	36,053
Funds Held in Trust, March 31, 1988		$8,978

Manitoba

UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT LTD.

Report of the Provincial Auditor's Office

We have examined the Balance Sheet of University of Manitoba Research and Development Ltd. as at March 31, 1988, and the Statements of Operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies set out in note 2 to the financial statements.

J. W. Singleton, CA
Assistant Provincial Auditor

June 17, 1988
Winnipeg, Manitoba

UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT LTD.
Balance Sheet
As at March 31, 1988

ASSETS

Current Assets:	
Accounts Receivable	$9,457
	$9,457

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:	
Corporate Income Taxes Payable	$2,285
	2,285
Shareholders' Equity	
Capital Stock:	
Authorized:	
200 Class I Common Shares	
Unlimited Class A non-cumulative, non-participating Preferred shares, redeemable at $100	
Issued:	
200 Class I Common Shares	200
Retained Earnings	6,972
	7,172
	$9,457

UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT LTD.
Statement of Operations
For the Year Ended March 31, 1988

Revenue	
Contract Revenue	$25,184
	25,184
Expenses:	
Accounting and Legal	280
Computer	240
Consulting Fees	11,375
Courier and Delivery	37
Duplicating	80
Equipment Rental	580
Maintenance and Repairs	410
Memberships	120
Office	1,200
Postage and Mailing	50
Rent	390
Salaries, Wages and Benefits	355
Telephone	295
Travel	515
	15,927
Net Operating Income for the year	9,257
Provision for Income Taxes	2,285
Net Income for the Year	$6,972

UNIVERSITY OF MANITOBA RESEARCH AND DEVELOPMENT LTD.
Notes to Financial Statements
For the Year Ended March 31, 1988

1. Status and Nature of the Corporation

University of Manitoba Research and Development Ltd., (UMRD), was incorporated as a wholly-owned subsidiary of University of Manitoba Research Ltd. in 1984. The company was activated in January 1988.

2. Significant Accounting Policies

(a) The financial statements have been prepared on the accrual basis.

(b) Recognition of Income:

Contract revenue is recognized using the percentage of completion method.

Manitoba

THE UNIVERSITY OF WINNIPEG

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements I and II and Schedules 1 to 11, of The University of Winnipeg for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The University of Winnipeg as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in the Summary of Accounting Principles and Practices applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

June 15, 1988,
Winnipeg, Manitoba.

SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

A These financial statements have been prepared in accordance with generally accepted accounting principles for universities.

B The University employs fund accounting procedures in order to recognize restrictions placed upon the use of resources. Two funds are maintained - the Operating Fund and the Trust and Endowment Fund. However, to provide a total presentation for the University, these funds have been combined in the Statement of Financial Position.

C The Operating Fund contains the following fund account balances which reflect the various separately financed functions recognized by the Board of Regents within the University:

University - the general operating income and expenditure of the University.

Collegiate - income and expenditure of the Collegiate Division.

Ancillary Services - the operations of the bookstore, residences, food services and parking.

Sponsored Research - income and expenditure from sponsored research.

Capital - expenditures primarily funded by government capital grants.

Special Provisions - appropriations of fund account balances made by the Board for specific purposes.

D The Trust and Endowment Fund contains donations and bequests which may have restrictions on their use. Unless specified to the contrary, all funds are pooled for investment purposes and the resulting income is distributed to the individual accounts.

E These financial statements are prepared on an accrual basis, with the exception of Student Fees - Regular and Other, for which the portion relating to the period after 31 March is not deferred, and the government grant to the Collegiate Division, which is taken into income for the year ended 31 March.

F Capital expenditures are recorded during the year in the fund account from which they were made. At the fiscal year-end non replacement purchases are added both to the appropriate fixed asset account and to the offsetting account for investment in fixed assets. For replacement purchases, the cost is left at the amount recorded for the original assets. Accounts are reduced by the proceeds from the sale of assets, with any balance of the cost remaining in these accounts. No depreciation is charged.

G Equipment and renovation expenditures are charged to the departments incurring them, unless the expenditures are funded out of provincial miscellaneous capital grants or out of the Trust and Endowment Fund in which case the expenditures appear in the Capital Fund Account or in the Trust and Endowment Fund respectively.

H Assets being acquired under capital leases are not included in fixed assets until the option to purchase has been exercised.

THE UNIVERSITY OF WINNIPEG
STATEMENT OF FINANCIAL POSITION
as at 31 March 1988
(with comparative figures for 1987)

ASSETS

	1988 $000	1987 $000
Cash	$ 301	$ 177
Investments (Note 1 & Schedule 1)	2,712	2,340
Provincial Grants Receivable	199	134
Accounts Receivable & Prepaid Expenses (Note 2)	818	666
Inventory (Note 3)	375	357
	4,405	3,674
Investments Held for Trust and Endowment Fund (Note 1, Schedule 1)	5,828	5,512
Fixed Assets: (Note 4)		
Buildings and Sites	46,727	46,096
Equipment and Furniture	10,000	9,263
Library Books	7,373	6,786
	64,100	62,145
	$74,333	$71,331

Approved by the Board of Regents

V. E. Candlish	R. P. Purves
Chairman	Chairman, Finance Committee

LIABILITIES

	1988 $000	1987 $000
Accounts Payable	$ 2,274	$ 1,731
Deferred Income	702	398
Funds Held for Special Purposes	269	133
	3,245	2,262
Mortgage Payable (Note 5)	547	558
Fund Balances: (Statement II)		
Operating Fund		
University	52	78
Collegiate	116	72
Ancillary Services	346	330
Sponsored Research	233	227
Special Provisions	420	532
	1,167	1,239
Trust and Endowment Fund	5,896	5,759
	7,063	6,998
Investment in Fixed Assets (Schedule 2)	63,478	61,513
	$74,333	$71,331

See Summary of Accounting Principles and Practices and the Accompanying Notes and Schedules.

THE UNIVERSITY OF WINNIPEG
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended 31 March 1988
(with comparative figures for 1987)

	-OPERATING FUND-		
	University $000 (Schedules 4 & 5)	Collegiate $000 (Schedule 6)	Ancillary Services $000 (Schedule 7)
Income:			
Government Grants	$18,538	$ 499	$
Student Fees	6,721	1,111	
Gifts, Grants & Bequests	95		
Investment Income	232		
Other Income	1,323	135	1,899
	26,909	1,745	1,899
Expenditure:			
Academic	16,702	1,185	
Research	78		
Library	1,969	15	
Academic Support	1,396		
Student Services & Awards	785	40	
Administration & General	3,097	97	
Plant Maintenance	2,592	58	
Other Expenditure	421	235	1,883
Equipment & Renovations	185	45	
Buildings and Sites			
	27,225	1,675	1,883
Interfund Transfers (Schedule 3)	152		
Net Change before Appropriations	(164)	70	16
Appropriations from Special Provisions	138	(26)	
Net Change for Year	(26)	44	16
Balances Beginning of Year	78	72	330
Balances End of Year, Statement I	$ 52	$ 116	$ 346

Statement II

OPERATING FUND			TRUST and ENDOWMENT FUND	TOTAL	
Sponsored Research $000 (Schedule 8)	Capital $000 (Schedule 9)	Special Provisions $000 (Schedule 10)	$000 (Schedule 11)	1988 $000	1987 $000
$	$775	$	$	$19,812	$18,549
				7,832	7,388
1,272			571	1,938	1,630
			395	627	609
	19		45	3,421	3,411
1,272	794		1,011	33,630	31,587
				17,887	16,690
1,353				1,431	1,263
			25	2,009	1,817
				1,396	1,173
			357	1,182	1,174
				3,194	2,968
				2,650	2,505
	40		253	2,832	2,552
	754			984	1,072
					32
1,353	794		635	33,565	31,246
87			(239)		
6			137	65	341
		(112)			
6	-	(112)	137	65	341
227		532	5,759	6,998	6,657
$ 233	-	$420	$5,896	$ 7,063	$ 6,998

See Summary of Accounting Principles and Practices and the Accompanying Notes and Schedules.

Notes to the Financial Statements

1. Investments

Investments are recorded at cost. The Operating Fund's investments comprise short-term notes whose market value approximates their cost. The aggregate market value of the Trust and Endowment Fund investment is $5,905,376 (1987 - $5,929,079).

2. Accounts Receivable

Student fees receivable form $51,286 (1987 - $74,714) of the accounts receivable balance, which also includes an allowance for doubtful accounts of $31,029 (1987 - $50,864).

3. Inventory

This balance comprises the Bookstore inventory of $336,462 (1987 - $303,089), and the Printing inventory of $38,908 (1987 - $53,934), both valued at the lower of cost or net realizable value.

4. Fixed Assets

The Fixed Assets are shown at the values established in the following appraisals with all subsequent additions recorded at cost, except for replacement purchases whose treatment is described in the Summary of Accounting Principles and Practices, Note F.

Land	Royal Trust Co.	31 March 1968
Buildings	National Appraisal Consultants Ltd.	31 March 1978
Equipment, Furniture and Library Books	General Appraisal Co.	21 February 1967

The balance for Buildings and Sites contains an amount of $74,071 which is not reflected in the offsetting Investment in Fixed Assets account. This comprises property acquisition costs during the period 1979 to 1984, for which government funding has not yet been received.

5. Mortgage Payable

This liability consists of:

Canada Mortgage and Housing Corporation 5 3/8% mortgage due 2 April 2012	$547,324 (1987 - $557,546).

The annual payments of $40,055 on the CMHC mortgage are financed by a special grant from the Provincial Government.

6. Interfund Balances

As of 31 March 1988, the Trust and Endowment Fund owed $177,743 (1987 - $120,994) to the Operating Fund.

7. Other Expenditure

Included in the expenditure totals on Statement II is an amount of $480,664 (1987 - $304,601) representing the Manitoba Health and Post Secondary Education Tax Levy.

8. Capital Lease

The University has under lease, with the option to purchase, approximately $505,000 (1987 - $173,000) of computer equipment. The latest lease expiry date is 31 March 1994. The leasing costs are charged to operating expenditure.

9. Property Taxes

Property taxes, except those on property held for future expansion and for investment, are not included in the accounts. The Province of Manitoba provides the City of Winnipeg with a grant in lieu of taxes for the University. The amount of this grant was $1,615,171 (1987 - $1,568,646).

10. Investment Income

The Trust and Endowment Fund investment income is shown net of administrative expenses. Net gains on sale of investments and capitalized income are shown as Other Income on Statement II.

11. University of Winnipeg Pension Plan

An actuarial valuation of the plan as at 31 December 1984 indicated a surplus of $190,000. However any unfunded liability that may arise from future valuations will have to be funded by the University, since this is a defined-benefit plan.

Certain additional pensions totalling $57,819 (1987 - $58,814) are paid out of the Operating Fund.

12. Reclassification of Comparative Figures

Certain 1987 comparative figures have been reclassified to conform with the financial presentation adopted for 1988.

Schedule 1

Summary of Investments

	31 March 1988 Market	31 March 1988 Cost	31 March 1987 Cost
Bonds and Debentures			
Government of Canada	$ 715,845	$ 706,421	$1,702,098
Provincial	753,497	794,312	299,330
Corporate	1,501,537	1,515,091	1,063,529
	2,970,879	3,015,824	3,064,957
Stocks	1,571,911	1,462,207	1,494,471
Property	300,000	287,408	287,408
Term Deposits	3,774,908	3,774,908	3,005,179
Total Investments	$8,617,698	$8,540,347	$7,852,015

Held for:			
Operating Fund, Statement I	$2,712,322	$2,712,322	$2,339,714
Trust and Endowment Fund			
Mennonite Studies	684,959	668,677	678,508
Pooled	5,220,417	5,159,348	4,833,793
Statement I	5,905,376	5,828,025	5,512,301
Total Investments	$8,617,698	$8,540,347	$7,852,015

Investment in Fixed Assets

Schedule 2

	31 March 1988	31 March 1987
Additions:		
Capital Fund Account		
Buildings and Sites	$	$ 31,668
Equipment and Furniture	104,108	416,226
Renovations	620,128	7,735
Mortgage Principal Reduction	10,222	9,694
University Fund Account		
Buildings and Sites		4,427
Equipment and Furniture	559,827	639,278
Library Books	586,656	509,622
Renovations	10,600	150,870
Sponsored Research Account		
Equipment and Furniture	73,139	28,791
Trust and Endowment Fund		
Buildings and Sites		100,158
	1,964,680	1,898,469
Balance Beginning of Year	61,512,998	59,614,529
Balance End of Year, Statement I	$63,477,678	$61,512,998

Schedule 3

Interfund Transfers

	-Operating Fund-			Trust and
	University	Sponsored Research	Capital	Endowment Fund
Other Income	$ 8,734	$	$	$ (8,734)
Research	(87,132)	87,132		
Academic Expenditures	101,481			(101,481)
Administration and General Expenditures	126,657			(126,657)
Student Services	2,490			(2,490)
31 March 1988, Statement II	$152,230	$ 87,132	-	$(239,362)
31 March 1987	$156,172	$118,297	$13,865	$(288,334)

University Income Schedule 4

	1988	1987
Government Grants:		
Provincial		
Operating	$18,328,864	$17,342,261
Supplementary	68,544	99,269
Federal	140,635	10,432
	18,538,043	17,451,962
Student Fees:		
Regular	5,065,585	4,669,319
Spring and Summer	559,067	578,249
Non-Credit	786,419	658,480
Other	309,812	300,168
	6,720,883	6,206,216
Other Grants	95,075	86,600
Investment Income	232,575	202,452
Other Income:		
Contracts	1,302,693	1,062,502
Miscellaneous	20,109	25,466
	1,322,802	1,087,968
Total Income, Statement II	$26,909,378	$25,035,198

University Expenditures

	Academic Salaries	Support Salaries	Benefits
Faculty of Arts and Science			
Anthropology	$ 289,864	$ 7,958	$
Biology	842,027	50,478	
Chemistry	495,897	20,239	
Classics	201,032	810	
Economics	363,284	2,989	
Education	147,442	2,082	
English	923,778	6,715	
French	365,200	4,697	
Geography	817,322	11,162	
German	184,528	2,838	
History	1,064,710	5,868	
Mathematics	604,446	19,438	
Philosophy	368,661	4,231	
Physics	355,949	12,583	
Political Science	543,032	7,660	
Psychology	1,064,570	29,849	
Recreation & Athletics	176,070	5,396	
Religious Studies	182,469	1,797	
Sociology	864,705	13,750	
Theatre	378,672	10,487	
Summer and evening	630,929	16,886	
Graduate Studies		25,375	
Faculty Travel			
Dean's Office	219,781	886,682	
Benefits			990,301
	11,084,368	1,149,970	990,301
Faculty of Theology	194,891	21,935	18,746
Other Instruction			
Continuing Education	364,859	331,995	35,591
Contracts	237,064	606,598	45,333
	601,923	938,593	80,924
Mennonite Studies - funded from Trust and Endowment Fund	71,958		5,180
Total Academic	11,953,140	2,110,498	1,095,151
Research			
Sub-total	11,953,140	2,110,498	1,095,151

Other Expense	Recoveries	TOTAL 1988	1987
$ 10,614	$	$ 308,436	$ 318,253
96,261		988,766	916,487
65,209	(754)	580,591	551,440
2,151		203,993	179,882
4,540		370,813	366,716
11,923		161,447	164,946
5,194		935,687	874,306
2,869		372,766	364,758
45,145		873,629	819,755
1,648		189,014	177,147
6,271		1,076,849	1,026,298
19,428		643,312	609,646
4,202		377,094	375,138
21,630		390,162	366,656
6,549		557,241	533,354
40,673		1,135,092	1,114,164
9,233		190,699	189,561
3,332		187,598	201,977
6,669		885,124	859,604
22,030		411,189	379,499
2,335		650,150	623,266
24,233		49,608	50,954
74,583		74,583	71,543
351,880	(2,742)	1,455,601	1,379,643
		990,301	937,759
838,602	(3,496)	14,059,745	13,452,752
35,698		271,270	237,784
473,788	(11,091)	1,195,142	809,858
205,730		1,094,725	1,018,124
679,518	(11,091)	2,289,867	1,827,982
4,564		81,702	77,495
1,558,382	(14,587)	16,702,584	15,596,013
78,328		78,328	74,300
1,636,710	(14,587)	16,780,912	15,670,313

University Expenditures

	Academic Salaries	Support Salaries	Benefits
Academic and Research - forward	11,953,140	2,110,498	1,095,151
Library		1,101,819	92,440
Academic Support			
Computing		314,877	32,639
Media		327,721	24,853
Technical Services		300,586	29,206
		943,184	86,698
Student Services & Awards			
Athletics		416,261	34,801
Counselling		213,300	19,845
		629,561	54,646
Administration and General			
Administration		789,700	129,896
Controller		557,928	54,445
Records and Admissions		446,293	36,443
Printing		227,419	31,358
External Relations		209,331	19,276
		2,230,671	271,418
Plant Maintenance			
Maintenance		912,830	113,844
Cleaning			
Repairs			
Utilities			
Insurance			
Security			
		912,830	113,844
Other Expenditure			
Equipment and Renovations			
TOTAL, Statement II	$11,953,140	$7,928,563	$1,714,197

Schedule 5

Other Expense	Recoveries	TOTAL	
		1988	1987
1,636,710	(14,587)	16,780,912	15,670,313
796,349	(21,300)	1,969,308	1,772,937
291,035	(27,400)	611,151	557,894
88,351	(7,500)	433,425	287,919
39,733	(17,919)	351,606	327,244
419,119	(52,819)	1,396,182	1,173,057
300,378	(175,020)	576,420	590,104
4,692	(29,367)	208,470	202,633
305,070	(204,387)	784,890	792,737
390,133	(55,094)	1,254,635	1,112,425
117,575	(91,500)	638,448	599,433
120,366		603,102	509,258
248,480	(296,207)	211,050	227,171
165,284	(3,870)	390,021	429,187
1,041,838	(446,671)	3,097,256	2,877,474
26,812	(292,467)	761,019	647,682
500,161		500,161	492,960
265,610		265,610	289,293
813,724		813,724	795,088
95,872		95,872	74,082
155,528		155,528	149,962
1,857,707	(292,467)	2,591,914	2,449,067
420,671		420,671	346,008
185,000		185,000	344,434
$6,662,464	$(1,032,231)	$27,226,133	$25,426,027

Collegiate Division

Schedule 6

	1988	1987
Income:		
Provincial Government Grants	$ 498,737	$ 421,911
Student Fees	1,111,277	1,182,191
Other Income	134,806	201,976
Total Income	1,744,820	1,806,078
Expenditure:		
Salaries	1,099,832	1,013,689
Benefits	85,386	80,076
	1,185,218	1,093,765
Other Expenditure	234,725	232,869
Equipment and Renovations	44,986	93,371
Allocated Costs:		
Library	15,300	15,780
Student Services	40,104	27,540
Administration and General	96,400	90,960
Plant Maintenance	58,000	55,740
Total Expenditure	1,674,733	1,610,025
Net Income, Statement II	$ 70,087	$ 196,053

Ancillary Services

	Bookstore	Residence
Income	$1,584,591	$ 68,754
Expenditure:		
Salaries and Benefits	162,583	7,580
Cost of Goods Sold	1,253,911	
Supplies and Expenses	85,795	43,440
Maintenance & Administration	63,984	40,612
	1,566,273	91,632
Net Income (Expenditure), Statement II	$ 18,318	$(22,878)
Net Income (Expenditure) 1987	$ 106,983	$(23,069)

Schedule 7

Food Service	Parking	TOTAL	
		1988	1987
$151,815	$93,422	$1,898,582	$1,884,725
		170,163	162,846
		1,253,911	1,186,906
41,642	52,026	222,903	151,803
91,950	38,808	235,354	269,880
133,592	90,834	1,882,331	1,771,435
$ 18,223	$ 2,588	$ 16,251	$ 113,290
$ 29,354	$ 22		

Schedule 8

Sponsored Research

	Balance 31 March 1987	Income	Expenditure	Inter-Fund Transfers	Balance 31 March 1988
Natural Sciences & Engineering	$ 56,690	$ 395,150	$ 382,344	$	$ 69,496
Social Sciences & Humanities	131,289	235,640	251,210		115,719
Institute of Urban Studies	(4,387)	494,886	577,631	87,132	-
Others	43,855	145,889	142,439		47,305
		$1,271,565	$1,353,624	$ 87,132	
Balance End of Year, Statement II	$227,447				$232,520

Capital

Schedule 9

	1988	1987
Income:		
Government Grants		
Provincial		
Miscellaneous Capital Grants	$734,924	$634,923
Grant for Mortgage	40,055	40,055
	774,979	674,978
Other	19,515	17,803
	794,494	692,781
Expenditure:		
Buildings and Sites		
Athletic Centre		17,803
MacNamara Hall Renovations		13,865
		31,668
Equipment and Renovations	754,439	634,923
Other Expenditure - Mortgage	40,055	40,055
	794,494	706,646
Transfer from Trust and Endowment		13,865
Net Change for Year, Statement II	-	-

Special Provisions

	Renovations and Equipment Replacement	Self Insurance	Career Adjustment
Balance Beginning of Year	$12,538	$36,594	$ 92,736
Additions	11,200		
Deductions		3,434	35,428
Net Change for Year	11,200	(3,434)	(35,428)
Balance End of Year, Statement II	$23,738	$33,160	$ 57,308

Schedule 10

Classification Study	Women's Study	Committed Expenditures	Collegiate Development	Total
$21,592	$ 8,795	$ 9,951	$350,000	$532,206
		127,660	26,250	165,110
21,592	8,795	6,666	201,602	277,517
(21,592)	(8,795)	120,994	(175,352)	(112,407)
-	-	$130,945	$174,648	$419,799

Trust and Endowment Fund

	Scholarships and Bursaries	Mennonite Chair	Other Restricted
Current Accounts			
Additions:			
Gifts, grants & bequests	$ 239,291	$	$133,922
Investment Income	76,620	66,577	38,117
	315,911	66,577	172,039
Deductions:			
Library Books			25,010
Awards	356,994		
Other			24,513
	356,994		49,523
Transfer to Capital Account	(319,028)	9,831	(166,802)
Transfer to Operating Fund		(81,701)	(22,270)
Intrafund Transfers	151,830		(12,730)
Net Change for Year	(208,281)	(5,293)	(79,286)
Balance Beginning of Year	474,897	(9,831)	198,036
Balance End of Year	266,616	(15,124)	118,750
Capital Accounts			
Gifts, grants & bequests			
Net gains on sale of investments			
Capitalized Income			
Transfer from Current Account	319,028	(9,831)	166,802
Intrafund Transfers	13,900		(13,900)
Balance Beginning of Year	824,279	678,509	456,703
Balance End of Year	1,157,207	668,678	609,605
Trust Fund Balance	$1,423,823	$653,554	$728,355

Schedule 11

Capital Campaign	Unrestricted		TOTAL	
	U of W Fund	General	1988	1987
$165,637	$ 11,708	$ 20,300	$ 570,858	$ 460,600
		213,596	394,910	407,040
165,637	11,708	233,896	965,768	867,640
			25,010	28,303
			356,994	353,634
228,814			253,327	162,149
228,814			635,331	544,086
		(1,039,591)	(1,515,590)	(154,747)
	(58,228)	(77,163)	(239,362)	(288,334)
		(139,100)		
(63,177)	(46,520)	(1,021,958)	(1,424,515)	(119,527)
(4,859)	58,228	1,544,999	2,261,470	2,380,997
(68,036)	11,708	523,041	836,955	2,261,470
				52,245
		13,082	13,082	175,507
		32,897	32,897	
		1,039,591	1,515,590	154,747
		1,537,792	3,497,283	3,114,784
		2,623,362	5,058,852	3,497,283
$(68,036)	$ 11,708	$3,146,403	$5,895,807	$5,758,753
			(Statement I)	(Statement I)

Manitoba

UNIVERSITY OF WINNIPEG PENSION PLAN

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Statements I and II and Schedule 1, of the University of Winnipeg Pension Plan for the fiscal year ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the University of Winnipeg Pension Plan as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,

Provincial Auditor.

April 25, 1988,
Winnipeg, Manitoba.

Statement I

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF FINANCIAL POSITION

as at 31 December 1987
(with comparative figures for 31 December 1986)

	31 December 1987	31 December 1986
ASSETS		
Cash	$ 281,643	$ 462,911
Accrued interest and dividends receivable	417,526	375,500
Investments - at cost, Schedule 1	30,029,974	26,183,007
	$30,729,143	$27,021,418
LIABILITIES		
Accounts payable	$ 441,606	$ 23,915
Due to (from) University of Winnipeg Operating Fund	21,808	(13,146)
Reserve for Pension Benefits, Statement II	30,265,729	27,010,649
	$30,729,143	$27,021,418

Approved on behalf of the Pension Committee

J L Porter

Statement II

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF RESERVE FOR PENSION BENEFITS

for the year ended 31 December 1987
(with comparative figures for the year ended 31 December 1986)

	31 December 1987	31 December 1986
ADDITIONS		
Contributions		
Members - regular	$ 831,634	$ 806,426
- voluntary	-	143,940
University	831,634	806,426
Investment income	1,971,465	1,836,715
Realized gain on sale of securities	305,677	733,734
	3,940,410	4,327,241
DEDUCTIONS		
Payments to or on behalf of members		
Pensions to retired members	367,873	264,024
Death benefits	-	19,034
Refunds and transfers to other plans	174,903	159,954
	542,776	443,012
Administrative expenses		
Investment Manager's fees	83,280	70,570
Actuarial fees	4,315	11,960
Administrator's fees	8,676	14,615
Custodial fees	25,345	21,292
Audit and other expenses	20,938	15,097
	142,554	133,534
NET CHANGE	3,255,080	3,750,695
BALANCE AT BEGINNING OF YEAR	27,010,649	23,259,954
BALANCE AT END OF YEAR, Statement I	$30,265,729	$27,010,649

Schedule 1

UNIVERSITY OF WINNIPEG PENSION PLAN

SUMMARY OF INVESTMENTS

as at 31 December 1987
(with comparative figures for 31 December 1986)

	-31 December 1987-			-31 December 1986-		
	Cost	Market	% of Market	Cost	Market	% of Market
Bonds	$15,918,733	$15,185,360	50.6	$13,049,103	$13,363,154	48.4
Stocks	10,650,954	11,377,259	37.9	9,712,776	10,808,476	39.2
Mortgages	24,726	24,726	.1	34,860	34,860	.1
Short-term	3,435,561	3,432,204	11.4	3,386,268	3,386,268	12.3
Total Investments, Statement I	$30,029,974	$30,019,549	100.0	$26,183,007	$27,592,758	100.0

UNIVERSITY OF WINNIPEG PENSION PLAN

Notes to the Financial Statements

as at 31 December 1987

1. Accounting Policies

These financial statements have been prepared on an accrual basis of accounting. Investments are carried at cost with no amortization of premium or discount.

2. The Pension Plan

The University of Winnipeg Pension Plan is a Trusteed Plan established 1 November 1977. Investors Group Trust Co. Ltd., as Trustee of the Plan, holds the assets of and administers the Pension Plan. The investment manager is Jarislowsky, Fraser Co. Ltd. A Pension Committee supervises the administration of the Plan, monitors the performance of investments, and makes policy recommendations to the Board of Regents.

3. Actuarial Valuation

These financial statements do not take into account actuarial valuations, and therefore do not reflect the financial position of the Plan on an actuarial valuation basis. In accordance with the Pension Plan, an actuarial valuation and report is required at least every 3 years.

An actuarial valuation of the University of Winnipeg Pension Plan was completed as of 31 December 1984. This valuation showed a surplus of $3,458,000 before the implementation of certain improvements to the plan benefits. The cost of these improvements, according to an actuarial review, has reduced the surplus to $190,000 as of 31 December 1984. Any unfunded liability that may arise from future valuations will be funded by the University since this is a defined-benefit plan. An actuarial valuation as at 31 December 1987 is in process.

4. Administrative Costs

The University provides administrative services at no charge to the Plan.

Manitoba

VENTURE MANITOBA TOURS LTD.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of Venture Manitoba Tours Ltd. as at March 31, 1988, the statements of operations and deficit and changes in cash position and the schedule of general and administrative expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Venture Manitoba Tours Ltd. as at March 31, 1988 and the results of its operations and changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. W. Singleton, CA
Assistant Provincial Auditor

June 30, 1988
Winnipeg, Manitoba

EXHIBIT A

VENTURE MANITOBA TOURS LTD.

Balance Sheet
as at March 31, 1988

	1988	1987
ASSETS		
Current assets:		
Accounts receivable	$ 91,447	$ 181,345
Inventories (Note 2(a))	80,582	59,423
Prepaid expenses	18,335	47,331
	190,364	288,099
Fixed assets (Notes 2(b) and 3)	2,564,158	2,681,620
	$ 2,754,522	$ 2,969,719
LIABILITIES		
Current liabilities:		
Bank indebtedness (Note 4)	$ 1,124,551	$ 1,004,210
Accounts payable and accrued charges	476,862	552,563
Advance deposits	40,767	28,779
Current portion of obligation under capital lease	6,739	6,639
	1,648,919	1,592,191
Obligation under capital lease (Note 5)	-	6,810
	1,648,919	1,599,001
SHAREHOLDER'S EQUITY		
Share capital (Note 1)		
Authorized - unlimited number of shares for unlimited maximum aggregate consideration		
Issued and fully paid - 3,643,500 shares	3,643,500	3,643,500
Contributed surplus (Note 6)	257,910	-
Grant from the Government of the Province of Manitoba (Note 6)	-	257,910
Deficit, Exhibit B	(2,795,807)	(2,530,692)
	1,105,603	1,370,718
	$ 2,754,522	$ 2,969,719

EXHIBIT B

VENTURE MANITOBA TOURS LTD.

Statement of Operations and Deficit
for the year ended March 31, 1988

	1988	1987
Sales and other income	$ 2,761,071	$ 2,192,063
Cost of sales of food, beverage and gift shop	558,710	514,099
Gross profit	2,202,361	1,677,964
Departmental expenses:		
Salaries, wages and benefits	762,050	786,177
Other	325,349	106,357
	1,087,399	892,534
Departmental income	1,114,962	785,430
General and administrative expenses, Schedule 1	1,133,654	1,170,570
Loss before depreciation, amortization and interest expense	18,692	385,140
Depreciation and amortization	144,575	149,709
Interest expense	101,848	147,927
Loss for the year	265,115	682,776
Deficit, beginning of year	2,530,692	1,847,916
Deficit, end of year, Exhibit A	$ 2,795,807	$ 2,530,692

EXHIBIT C

VENTURE MANITOBA TOURS LTD.

Statement of Changes in Cash Position for the year ended March 31, 1988

	1988	1987
Cash provided by (used for):		
Operating activities:		
Loss	$ (265,115)	$ (682,776)
Items not involving cash:		
Depreciation and amortization	144,575	149,709
	(120,540)	(533,067)
Net change in non-cash working capital balances	34,123	(141,867)
	(86,417)	(674,934)
Financing activities:		
Decrease in capital lease	(6,810)	(6,629)
Decrease in long-term debt	-	(2,000,000)
Increase in share capital	-	3,087,500
	(6,810)	1,080,871
Investment activities:		
Additions to fixed assets	(27,114)	(88,293)
(Decrease) increase in cash	(120,341)	317,644
Bank indebtedness, beginning of year	(1,004,210)	(1,321,854)
Bank indebtedness, end of year, Exhibit A	$(1,124,551)	$(1,004,210)

SCHEDULE 1

VENTURE MANITOBA TOURS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1988

	1988	1987
Administration:		
Salaries, wages and benefits	$ 208,206	$ 158,872
Telephone	57,486	79,255
Legal, accounting and audit	14,296	24,237
Administrative services (Note 2(d))	23,408	23,520
Credit card discount	22,272	16,781
Insurance	29,207	24,737
Miscellaneous	11,987	7,866
Directors' expenses	28,375	24,907
Transportation	9,898	9,874
Equipment rental	18,422	11,586
Printing and stationery	24,547	20,859
Service charges	5,930	5,512
Bad debt expense	6,013	5,954
Postage	4,531	2,625
Membership fees	5,190	1,768
Personnel recruitment	142	2,223
Managers' expenses	5,396	4,628
	475,306	425,204
Energy and maintenance:		
Propane and hydro	154,285	163,855
Wages and benefits - maintenance staff	77,579	83,540
Maintenance services - Parks Branch	40,100	39,600
Automobile	8,920	13,783
Repairs	23,914	24,235
Equipment and parts	14,857	17,809
Miscellaneous	6,397	6,894
Air conditioning and refrigeration	5,519	2,577
Furniture	5,561	445
	337,132	352,738
Recreation department:		
Salaries and benefits	34,632	44,663
Equipment and supplies	4,260	5,101
	38,892	49,764

SCHEDULE 1

VENTURE MANITOBA TOURS LTD.

Schedule of General and Administrative Expenses for the year ended March 31, 1988

	1988	1987
Sales promotion:		
Advertising and promotion	46,285	48,393
Salaries and benefits - marketing staff	62,064	65,199
Printing and stationery	31,837	25,508
Miscellaneous	9,328	5,684
Travel	4,029	5,585
Office accomodation	9,203	5,673
	162,746	156,042
Staff costs:		
Employee meals	47,894	96,561
Staff training	119	20,927
Employee transportation	45,196	35,110
Utilities - staff quarters	19,719	19,264
Repairs - staff quarters	6,650	10,900
Rent - staff quarters	-	4,060
	119,578	186,822
Total general and administrative expenses, Exhibit B	$ 1,133,654	$ 1,170,570

VENTURE MANITOBA TOURS LTD

Notes to the Financial Statements
March 31, 1988

1. Status of the Corporation and Nature of its Operations

The Company is incorporated under the Manitoba Corporations Act. The issued share capital is owned by the Minister of Finance of the Government of the Province of Manitoba. The Company is authorized to issue an unlimited number of shares for an unlimited maximum aggregate consideration.

The Government of the Province of Manitoba owns the original portion of the Gull Harbour Resort and Conference Centre. The Company operates the resort for its own account, without rental charge, under a lease agreement with the Province. The resort is situated in the Hecla Provincial Park and is not subject to realty taxes.

During the year, the Company assumed the management of the Hecla Golf Course under a three year lease agreement with the Government of the Province of Manitoba. The agreement provides that the Company pay an annual rent and operate the golf pro shop, and in return the Company retains all green fee revenue for its own account. (Notes 7 and 8).

2. Significant Accounting Policies

(a) Inventories

Inventories are valued at the lower of cost, determined on the first-in-first-out method, and net realizable value.

(b) Fixed Assets

The fixed assets, which do not include the original resort owned by the Province of Manitoba, are recorded at cost less applied grant funds and accumulated depreciation. Depreciation, with the exception of automobiles, is calculated on a straight-line basis at rates, shown below, which will amortize the cost over the estimated useful life of the assets.

Building addition	40 years
Furniture and fixtures	5 to 10 years
Leasehold improvements	5 to 40 years
Staff quarters	3 to 25 years
Automobiles	30 percent declining balance
Equipment under capital lease	10 years
Parking lot	25 years

(c) Capital Lease

Assets which are acquired by way of long-term leases which are financing in nature are capitalized at fair market value less applied grant funds received and are included as fixed assets in the financial statements. The amounts included in fixed assets in respect of leased assets are at the fair market value (cost) of $31,201 less government grants of $15,601.

(d) Services Provided by the Province

The Government of the Province of Manitoba provides certain management and administrative services without charge to the Company. The costs of these services is estimated to be approximately $12,000 ($44,000-1987). These costs are not reflected in these financial statements.

3. Fixed Assets

The fixed assets shown on the balance sheet at March 31, 1988 are:

	1988			1987
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building addition	$ 1,681,406	$ 150,027	$ 1,531,379	$ 1,569,914
Leasehold improvements	562,758	150,096	412,662	433,757
Furniture and fixtures	552,064	220,962	331,102	369,928
Staff quarters	315,721	64,197	251,524	266,592
Parking lot	28,968	2,897	26,071	27,230
Automobiles	7,518	4,678	2,840	4,058
Equipment under capital lease	15,600	7,020	8,580	10,141
	$ 3,164,035	$ 599,877	$ 2,564,158	$ 2,681,620

4. Bank Indebtedness

	1988	1987
Bank loan	$ 1,114,000	$ 1,051,000
Bank overdraft (balance)	10,551	(46,790)
	$ 1,124,551	$ 1,004,210

The Government of the Province of Manitoba has guaranteed a line of credit for the Company to a maximum of $1,250,000.

5. Capital Lease

The following is a schedule of future minimum lease payments under the capital lease expiring September, 1988, together with the balance of the obligation under the capital lease.

Total minimum lease payments in 1989	$ 7,225
Less amount representing interest	486
Balance of the obligation	6,739
Less current portion	6,739
	$ -

6. Contributed Surplus

In December, 1987, the balance of the grant from the Government of the Province of Manitoba was forgiven and is now disclosed as contributed surplus.

7. Hecla Golf Course Operations

The assumption of the management of the Hecla Golf Course during the year resulted in the inclusion of $299,221 of green fee revenue and $191,711 of expenses pertaining to the golf course in the Company's operating accounts for the year ended March 31, 1988.

8. Commitment

Under the three year lease agreement referred to in Note 1, the Company pays an annual rent of $2,400 plus amounts equal to, in the first year, revenue collected in the previous year less $8,000, and in the second and third years, average revenue collected in the previous two years less $8,000. The agreement has two years remaining.

VENTURE MANITOBA TOURS LTD

Notes to the Financial Statements
March 31, 1988

9. Contingent Liability

The Company is contingently liable for $148,656 in regards to a statement of claim filed by a contractor involving the building addition. No settlement has been reached to date and no provision has been made in the financial statements.

10. Economic Dependence

The Company is economically dependent on the Government of the Province of Manitoba.

11. Comparative Figures

Comparative figures have been restated where necessary to conform with the presentation adopted for the current year.

Manitoba

WESTARC GROUP INC.

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the Balance Sheet, and the Statement of Income and Retained Earnings, for Westarc Group Inc. for the fiscal year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Westarc Group Inc. as at March 31, 1988, and the results of its operations for the year then ended, in accordance with the accounting policies stated in note 2 to the financial statements, applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA
Provincial Auditor

September 2, 1988
Winnipeg, Manitoba

WESTARC GROUP INC.

Balance Sheet
As at 31 March 1988

	1988	1987
ASSETS		
Current		
Due from Brandon University	$ 100,654	$ 86,319
Due from Brandon University Holding Company Limited	1	1
Accounts Receivable	39,859	1,500
Work in Progress	-	56,917
	140,514	144,737
Fixed Assets, note 3	15,078	9,284
	$ 155,592	$ 154,021
LIABILITIES & SHAREHOLDER'S EQUITY		
Current		
Deferred Revenues	$ -	$ 24,582
Accounts Payable	-	4,737
	-	29,319
Share Capital, note 4	1	1
Retained Earnings	155,591	124,701
	155,592	124,702
	$ 155,592	$ 154,021

WESTARC GROUP INC.

Statement of Income and Retained Earnings
For the Year Ended 31 March 1988

	1988	1987
REVENUES	$ 516,287	$ 384,968
Project Costs	342,089	210,509
GROSS MARGIN	174,198	174,459
OPERATING EXPENSES		
Salaries and Benefits	105,060	85,466
Travel	10,639	9,506
Postage and Supplies	3,821	4,081
Telephone	4,367	3,596
Legal	30	606
Consulting	4,051	11,699
Repairs and Maintenance	927	739
Miscellaneous	-	469
Depreciation and Amortization	4,213	2,211
Bad Debts	200	-
	133,308	118,373
Net Income From Operations	40,890	56,086
Brandon University Grant	-	25,000
NET INCOME FOR THE YEAR	40,890	81,086
Plus Retained Earnings, beginning of year	124,701	43,615
AVAILABLE FOR DISTRIBUTION	165,591	124,701
Less Dividends Paid	10,000	-
RETAINED EARNINGS, End of Year	$ 155,591	$ 124,701

WESTARC GROUP INC.

Notes to Financial Statements
For the Year Ended 31 March 1988

1. STATUS AND NATURE OF THE CORPORATION

WESTARC Group Inc. was incorporated as a wholly-owned subsidiary of Brandon University Holding Company Limited in 1985.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the company:

a) The financial statements have been prepared on the accrual basis.

b) Depreciation and amortization is provided in the accounts as follows:

Equipment - 5 years straight line basis
Designs - 20 years straight line basis

c) Revenues are recognized using the percentage of completion method.

3. FIXED ASSETS

	1988		1987	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Designs	$ 2,968	$ 296	$ 2,968	$ 148
Equipment	20,323	7,917	10,316	3,852
	$ 23,291	$ 8,213	$ 13,284	$ 4,000
Cost less accumulated depreciation	$ 15,078		$ 9,284	

4. SHARE CAPITAL

Authorized
Unlimited Number of One Class Common Shares

Issued One Common Share	$1	$1

WESTARC GROUP INC.

Notes to Financial Statements
For the Year Ended 31 March 1988

5. GENERAL COMMENTS

(a) Brandon University provides the Company with various administrative services at no cost.

(b) Prior years figures were audited as part of the audit of Brandon University.

WINTEMUTE
RANDLE
KILIMNIK

Auditors' Report

To the Members of the Board
The Whitemud Watershed Conservation District

We have examined the balance sheet of The Whitemud Watershed Conservation District as at March 31, 1988 and the statements of revenue and expenditures and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at March 31, 1988 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The comparative figures were reported on by another auditor.

Wintemute Randle Kilimnik
Chartered Accountants

Winnipeg, Manitoba
May 13, 1988

Statement 1

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Balance Sheet
As At March 31, 1988

Assets

	1988	1987
Current		
Cash	$167,650	$118,502
Accounts receivable	10,147	58,989
Inventory, note 1	46,787	54,246
Prepaid expenses	14,267	404
	238,851	232,141
Fixed, notes 1 and 2	104,787	92,558
	$343,638	$324,699

Liabilities

	1988	1987
Current		
Accounts payable and accrued expenses	$ 14,349	$ 41,781
Customer deposits	608	1,212
Unearned Municipal Levies	3,147	3,147
Current portion of long-term debt	2,500	2,500
	20,604	48,640
Long-term debt		
Lease payable, note 3	2,700	5,200
	23,304	53,840

Surplus

	1988	1987
Watershed programs		
Sub-district program - statement 2	11,551	17,760
General board program - statement 3	147,197	122,802
Equipment program - statement 4	62,165	43,898
Inventory program - statement 5	33,565	33,622
Rosedale Farm program - statement 6	15,967	9,662
Canada - Manitoba Agri-Food Development program - statement 7	3,610	(672)
	274,055	227,072
Emergency reserve	30,000	30,000
Sick leave reserve, note 4	16,279	13,787
	320,334	270,859
	$343,638	$324,699

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
Sub-District Program
For The Year Ended March 31, 1988

	Willowbend Creek #35	Westbourne Drain #36	Squirrel Creek #37	Pine Creek #38	Central Whitemud #39	Upper Whitemud #40	Big Grass Marsh #42	Big Grass River #43	1988	1987 (Note 5)
Revenue										
Municipal levies	$ 22,585	$ 23,012	$ 11,888	$ 19,031	$ 23,107	$ 10,993	$ 20,250	$ 42,091	$172,957	$ 191,491
Province of Manitoba	91,106	45,661	43,558	76,226	81,416	28,459	62,698	154,954	584,078	720,983
Municipal grants	-	-	-	-	-	-	-	4,000	4,000	-
Province of Manitoba - Flood Assistance	-	-	-	-	-	-	-	-	-	72,315
	113,691	68,673	55,446	95,257	104,523	39,452	82,948	201,045	761,035	984,789
Expenditure										
Crossing repair	8,476	642	1,741	11,330	4,091	5,508	16,697	12,475	60,960	60,383
Weed and brush control	17,645	14,869	5,130	14,519	7,637	2,664	17,064	23,294	102,822	64,876
Runway stabilization	-	-	-	-	74,154	29,774	-	-	103,928	83,887
Channel maintenance	36,879	8,590	3,043	4,287	2,527	-	6,229	5,991	67,546	112,212
Channel construction	55,199	29,451	50,992	23,210	-	-	32,919	101,468	293,239	328,968
Culverts and structures	6,956	9,293	-	28,718	16,666	-	9,576	29,163	100,372	279,729
Miscellaneous	-	-	-	18,023	3,480	-	-	16,874	38,377	6,642
Flood assistance	-	-	-	-	-	-	-	-	-	80,349
	125,155	62,845	60,906	100,087	108,555	37,946	82,485	189,265	767,244	1,017,046
Excess (deficiency) of revenue over expenditures	(11,464)	5,828	(5,460)	(4,830)	(4,032)	1,506	463	11,780	(6,209)	(32,257)
Surplus (deficit), beginning of year	5,074	5,659	(2,200)	2,498	6,476	6,652	(2,601)	(3,798)	17,760	50,017
Surplus (deficit), end of year	$ (6,390)	$ 11,487	$ (7,660)	$ (2,332)	$ 2,444	$ 8,158	$ (2,138)	$ 7,982	$ 11,551	$ 17,760

Statement 3

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
General Board Program
For The Year Ended March 31, 1988

	1988	1987
Revenue		
Province of Manitoba	$184,846	$197,655
Municipal contributions	18,612	-
Direct charges	-	930
Interest earned	24,163	14,730
Individual contributions	26,607	41,866
Transfer from equipment program	13,210	55,549
Agri-Food Canada share of equipment	5,260	8,109
Federal grant	2,931	-
	275,629	318,839
Expenditures		
Administrative		
Watershed manager salary and expenses	37,512	43,345
Secretary-Treasurer and secretary salaries	16,039	18,136
Board members remuneration and expenses	12,410	14,748
Professional fees	4,745	3,975
Rent	2,400	3,000
Conservation District Authority of Manitoba	-	1,584
Office supplies	7,575	8,311
Insurance	1,106	1,459
Depreciation	482	549
Public relations	496	477
Miscellaneous	767	762
Small tool purchases	930	1,298
Summer student	4,330	2,569
Bad debts	-	410
	88,792	100,623
Specific Programs		
Forage crops	92,307	95,798
Shelter belts	21,034	33,128
Shelter belt weed control	12,874	14,853
Wild lands	7,768	6,347
Resource extension and public education	24,135	22,518
Demonstrations	4,324	-
	162,442	172,644
Direct expenses	-	910
	251,234	274,177
Excess of revenue over expenditures	24,395	44,662
Surplus, beginning of year	122,802	78,140
Surplus, end of year	$147,197	$122,802

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditure And Surplus
Equipment Program
For The Year Ended March 31, 1988

	1988	1987
Revenue		
Rentals	$ 62,373	$ 58,416
Gain on disposal of equipment	14,155	30,000
	76,528	88,416
Expenditures		
Fuel and oil	9,330	7,459
Repairs and maintenance	13,298	8,610
Insurance and licences	945	847
Depreciation	17,631	18,007
Wages	3,847	3,426
Transfer to General Board program	13,210	55,549
	58,261	93,898
Excess (deficiency) of revenue over expenditures	18,267	(5,482)
Surplus, beginning of year	43,898	49,380
Surplus, end of year	$ 62,165	$ 43,898

Statement 5

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Earnings And Surplus
Inventory Program
For The Year Ended March 31, 1988

	1988	1987
Sales	$ 17,431	$ 32,781
Cost of sales		
Inventory - beginning of year	54,246	58,510
Purchases	8,385	23,789
	62,631	82,299
Inventory - end of year	46,788	54,246
	15,843	28,053
Gross profit	1,588	4,728
Expenditures		
Wages	390	2,610
Insurance	184	201
Yard maintenance	752	1,463
Depreciation	319	398
	1,645	4,672
Net earnings (loss)	(57)	56
Surplus, beginning of year	33,622	33,566
Surplus, end of year	$ 33,565	$ 33,622

Statement 6

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
Rosedale Farm Program
For The Year Ended March 31, 1988

	1988	1987
Revenue		
Forage sales	$ 10,296	$ 10,473
1/3 - 1985 crop share	-	1,926
	10,296	12,399
Expenditures		
Fertilizer and renovating	885	4,334
Miscellaneous	24	441
Harvesting	3,082	4,362
	3,991	9,137
Excess of revenue over expenditures	6,305	3,262
Surplus, beginning of year	9,662	6,400
Surplus, end of year	$ 15,967	$ 9,662

Statement 7

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Statement Of Revenue And Expenditures And Surplus
Canada - Manitoba Agri-Food Development Program
For The Year Ended March 31, 1988

	Department of Agriculture Province of Manitoba	Prairie Farm Rehabilitation Administration	Total 1988	Total 1987
Revenue				
Department of Agriculture - Province of Manitoba	$ 16,022	$ -	$ 16,022	$ 12,000
Prairie Farm Rehabilitation Administration	-	19,216	19,216	20,925
	16,022	19,216	35,238	32,925
Expenditures				
Critical area treatment	-	1,000	1,000	2,400
Conservation tillage	-	7,484	7,484	8,085
Salinity management	-	144	144	515
Shelterbelts	4,709	2,975	7,684	7,579
Administration and extension	6,684	1,625	8,309	5,210
Equipment purchases	1,400	2,810	4,210	8,108
Equipment rent	-	2,125	2,125	1,700
	12,793	18,163	30,956	33,597
Excess of revenue over expenditures	3,229	1,053	4,282	(672)
Surplus, beginning of year	(2,522)	1,850	(672)	-
Surplus, end of year	$ 707	$ 2,903	$ 3,610	$ (672)

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Notes To Financial Statements
March 31, 1988

1. Significant accounting policies

a) Entity definition

The Whitemud Watershed Conservation District was established by an Order-in-Council of the Province of Manitoba on March 22, 1972. The District receives funding from the Province of Manitoba and certain municipalities and is governed by a board of directors from the various municipalities involved in the conservation district.

b) Inventory

Inventory is valued at cost and determined on a first-in first-out basis.

c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is recorded on the straight line method at the following rates:

Building	5%
Fence	5%
Equipment	15%
Pump equipment	50%

2. Fixed assets

The following is a summary of the fixed asset and accumulated depreciation accounts:

	1987	Additions	Disposals	1988
Fixed assets				
Land	$ 1,835	$ -	$ -	$ 1,835
Building	14,783	-	-	14,783
Fence	5,339	-	-	5,339
Equipment	136,429	32,020	7,250	161,199
Pump equipment	261	-	-	261
	158,647	32,020	7,250	183,417
Accumulated depreciation				
Building	6,837	740	-	7,577
Fence	2,869	267	-	3,136
Equipment	56,122	17,425	5,891	67,656
Pump equipment	261	-	-	261
	66,089	18,432	5,891	78,630
Net book value	$ 92,558			$104,787

THE WHITEMUD WATERSHED CONSERVATION DISTRICT

Notes To Financial Statements
March 31, 1988

3. Lease payable

The lease payable is in regard to the purchase of a weigh wagon with payment through a lease agreement over a four year period. The Canada - Manitoba Agri-Food Development Program will pay 85% of this lease, with The Whitemud Watershed Conservation District paying the remaining 15%.

	1988	1987
Long-term	$ 5,200	$ 7,700
Less, current portion	2,500	2,500
	$ 2,700	$ 5,200

4. Sick leave reserve

The reserve has been established to recognize the accrual of sick leave of the employees. The employees accrue sick leave at the rate of one and one-quarter days per month employed. At March 31, 1988, the aggregate amount of possible claims was $64,286.

5. Comparative figures

Due to a change in policy of The Province of Manitoba, the prior year's fiscal year end was changed from December 31, 1986 to March 31, 1987, resulting in a fifteen month period for the prior year's figures.

KPMG Peat Marwick

Chartered Accountants

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Winnipeg, Manitoba R3B 3H5

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AUDITORS' REPORT

To The Workers Compensation Board of Manitoba:

We have examined the balance sheet (being Exhibit 1) of The Workers Compensation Board of Manitoba as at December 31, 1987 and the accompanying financial statements (being Exhibits 2 to 5) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick

Chartered Accountants

Winnipeg, Canada
March 2, 1988

EXHIBIT 1

BALANCE SHEET

AS AT DECEMBER 31, 1987

(with comparative figures for 1986)

ASSETS	1987	1986
Receivables (Note 2)	$ 1,377,695	$ 1,097,095
Investment in securities as authorized by The Trustee Act, Manitoba (Note 3)	159,836,082	141,930,133
Deposits with the Minister of Finance	40,252,588	31,705,181
Accrued interest on investments	3,511,855	3,010,950
Deferred cost of pension increases (Note 4)	30,918,949	28,565,181
Fixed assets (Note 5)	1,046,160	1,330,414
TOTAL	$236,943,329	$207,638,954

LIABILITIES AND RESERVES		
Bank	$ 2,984,744	$ 1,015,278
Self-Assurer Funds, Exhibit 4	(438,531)	1,223,616
Accounts payable	961,994	230,832
	3,508,207	2,469,726
Reserves, Exhibit 3		
Pension Fund	194,565,743	171,786,186
Future cost of existing claims	110,574,061	90,758,411
Equalization Fund	264,085	761,002
Second Injury Fund	10,549,025	11,660,365
Rehabilitation Fund	13,075,342	14,478,523
	329,028,256	289,444,487
Class G Employers' Funds, Exhibit 3	(95,593,134)	(84,275,259)
TOTAL	$236,943,329	$207,638,954

Approved on behalf of the Board

Chairperson

Elaine Smith

Commissioner

Commissioner

The accompanying notes are an integral part of these financial statements.

EXHIBIT 2

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for 1986)

	1987	1986
OPERATING ACTIVITIES:		
Net change in class funds and reserves	$26,603,747	$ 12,436
Add (deduct):		
Items not affecting cash:		
Depreciation	284,254	419,108
Amortization of discount	(213,811)	(199,732)
Loss on disposal of investments	—	344,274
	26,674,190	576,086
Net change in non-cash balances relating to operations:		
Receivables	(280,600)	(598,146)
Deferred cost of pension increases	10,746,113	7,781,077
Increases in legislated pension awards	(13,099,881)	
Accounts payable	731,162	(26,505)
Cash provided by operations	24,770,984	7,732,512
INVESTMENT ACTIVITIES:		
Proceeds on sale or maturity of investments	3,965,768	8,599,298
Purchase of investments	(21,657,906)	(5,328,350)
Change in accrued interest on investments	(500,905)	97,028
Cash (applied to) provided by investment activities	(18,193,043)	3,367,976
Additions to fixed assets	—	(37,139)
Increase in cash during the year	6,577,941	11,063,349
Cash and cash equivalents, beginning of year	30,689,903	19,626,554
Cash and cash equivalents, end of year	$37,267,844	$30,689,903
Cash and cash equivalents are comprised of:		
Deposits with the Minister of Finance	$40,252,588	$31,705,181
Bank overdraft	(2,984,744)	(1,015,278)
	$37,267,844	$30,689,903

The accompanying notes are an integral part of these financial statements.

EXHIBIT 3

STATEMENT OF INCOME AND EXPENDITURES AND CHANGES IN RESERVE AND FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for 1986)

	Pension Fund	Future Cost of Existing Claims	Equalization Fund	Second Injury Fund	Rehabilitation Fund	Self-Assurer Funds (Exhibit 4)	Class G Funds	Total 1987	Total 1986
Balance, beginning of year (Note 8)	$171,786,186	$ 90,758,411	$ 761,002	$ 11,660,365	$ 14,478,523	$ 1,223,616	$ (84,275,259)	$206,392,844	$206,380,408
ADDITIONS:									
Assessments						10,131,867	97,045,652	107,177,519	84,529,554
Interest income	15,754,786	10,276,892	53,537	706,152	78,663	8,462	(4,970,407)	21,908,085	20,855,840
Other						12,949		12,949	14,743
Pension awards	17,137,686							17,137,686	18,055,072
Increase in pension awards provided under legislative change	13,099,881							13,099,881	
Accrual for future costs as per actuarial review		9,538,758	(336,045)	2,438,893	1,977,241		(13,618,847)		
	45,992,353	19,815,650	(282,508)	3,145,045	2,055,904	10,153,278	78,456,398	159,336,120	123,455,209
DEDUCTIONS:									
Compensation			123,853	914,448		3,331,214	34,686,143	39,055,658	35,130,130
Medical aid			90,374	276,461		1,596,576	11,529,593	13,493,004	11,864,004
Rehabilitation			182	1,221,138	3,459,085	932,724	6,724,481	12,337,610	10,568,406
Pensions	23,212,796							23,212,796	23,290,378
TOTAL BENEFITS PAID	23,212,796		214,409	2,412,047	3,459,085	5,860,514	52,940,217	88,099,068	80,852,918
Pension awards				1,844,338		1,848,793	13,444,555	17,137,686	18,055,072
Amortization of pension increases									
Principal						1,975,889	8,770,224	10,746,113	7,781,077
Interest						351,661	2,695,162	3,046,823	3,820,041
Administration expenses and other charges, Exhibit 5						1,778,568	11,924,115	13,702,683	12,933,665
	23,212,796		214,409	4,256,385	3,459,085	11,815,425	89,774,273	132,732,373	123,442,773
Net change for the period	22,779,557	19,815,650	(496,917)	(1,111,340)	(1,403,181)	(1,662,147)	(11,317,875)	26,603,747	12,436
Balance, end of year	$194,565,743	$110,574,061	$264,085	$ 10,549,025	$ 13,075,342	$ (438,531)	$ (95,593,134)	$232,996,591	$206,392,844

The accompanying notes are an integral part of these financial statements.

EXHIBIT 4

STATEMENT OF SELF-ASSURER CLASS FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1987
(with comparative figures for 1986)

	Class "A"	Class "C"	Class "D"	Class "E"	Total Self-Assurer 1987	Total Self-Assurer 1986
Balance, beginning of year	$ 195,160	$ 285,457	$ 666,563	$ 76,436	$1,223,616	$1,134,622
ADDITIONS:						
Assessments	1,589,603	2,334,665	3,614,644	2,592,955	10,131,867	9,772,426
Interest income	3,107	98	8,916	(3,659)	8,462	(16,485)
Other			3,282	9,667	12,949	14,556
Allocation of pension surplus						1,881,768
	1,592,710	2,334,763	3,626,842	2,598,963	10,153,278	11,652,265
DEDUCTIONS:						
Compensation	541,928	1,419,557	961,798	407,931	3,331,214	2,446,810
Medical aid	160,305	323,813	596,774	515,684	[illegible]	1,528,070
Rehabilitation	196,450	136,359	352,130	247,785	[illegible]	751,215
TOTAL BENEFITS PAID	898,683	1,879,729	1,910,702	1,171,400	[illegible]	4,726,095
Pension awards	110,704	264,665	955,434	517,990	[illegible]	3,761,209
Amortization of pension increases						
Principal	539,004	240,215	823,195	373,475	[illegible]	907,574
Interest	81,557	42,721	133,632	93,751	[illegible]	446,955
Administration expenses and other charges	168,349	361,065	600,371	648,783	[illegible]	1,721,438
	1,798,297	2,788,395	4,423,334	2,805,399	[illegible]	11,563,271
Net change for the period	(205,587)	(453,632)	(796,492)	(206,436)	(1,662,147)	88,994
Balance, end of year	$ (10,427)	$ (168,175)	$ (129,929)	$ (130,000)	$ (438,531)	$1,223,616

The accompanying notes are an integral part of these financial statements.

EXHIBIT 5

ADMINISTRATION EXPENSES AND OTHER CHARGES

FOR THE YEAR ENDED DECEMBER 31, 1987

(with comparative figures for 1986)

	1987	1986
ADMINISTRATION EXPENSES		
Staff and service costs	$ 8,721,659	$ 7,906,131
Data Processing	1,059,275	1,381,369
Supplies and services	511,339	741,174
Communications	576,311	539,488
Building operations	476,454	445,038
Legislative Review Committee	174,007	317,470
Implementation Team	76,937	
Depreciation	188,754	188,755
Professional Fees	153,595	58,240
Grants	20,000	1,000
Other	18,300	
TOTAL ADMINISTRATION EXPENSES	11,976,631	11,578,665
OTHER CHARGES (Note 6)		
Charges under The Workplace Safety and Health Act	2,322,408	1,793,189
Expenses of Worker Advisors under Section 91(3) of The Workers Compensation Act	265,232	377,969
TOTAL OTHER CHARGES	2,587,640	2,171,158
LESS RECOVERIES FROM:		
The Government of Canada for administering its employees' compensation program	710,347	694,714
The Government of The Province of Manitoba for administering The Criminal Injuries Compensation Act	151,241	121,444
TOTAL RECOVERIES	861,588	816,158
TOTAL CHARGED TO CLASSES	$13,702,683	$12,933,665

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual method of accounting except for Self-Assured Class benefit payments and their related reimbursements which are accounted for on a cash basis.

b) INVESTMENTS

Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized on a straight-line basis over the term of the investment.

Investment income is allocated to class funds, the pension fund and other reserve funds in accordance with the average monthly balance in each fund.

The market value of the investments is not disclosed since it is the general policy of the Board to normally hold investments until maturity.

c) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. The building is depreciated over 30 years as provided under section 78(15) of The Workers Compensation Act. All other assets are depreciated on a straight-line basis over their useful life.

Building Renovations	10 years
Automobiles	5 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years
Computer System Development	3 years

d) LEGISLATED PENSION AMENDMENTS

Amendments to The Workers Compensation Act have provided for increases in pension benefits with the cost of these increased benefits to be recovered from the general body of employers and self-assured over a seven year period from the effective date of the amendment. The interest rates associated with the amendments are established at the time the amendments become effective and currently range from 9% to 10.75%.

e) RESERVES

(i) THE PENSION FUND

Capitalized values of pensions awarded are credited to the Pension Fund Reserve, which is then charged with pensions paid. An actuarial review of the Pension Fund was completed as at December 31, 1985 which confirmed the adequacy of the Reserve. The present capitalized values are based upon an update of the factors utilized in the December 31, 1985 review indicating a surplus of $5,134,231 existed as at December 31, 1987. The next actuarial review will be completed as at December 31, 1988.

In calculating the present value of the pension fund reserve no provision is made for potential future legislative amendments to The Workers Compensation Act which would provide increases in future pension benefits. As described above under the Legislated Pension Amendments section, the cost of legislative pension amendments is deferred in the year awarded and recovered from the general body of employers and self-assurers over a seven year period from the effective date of the amendment.

(ii) FUTURE COST OF EXISTING CLAIMS
This fund is established to meet the estimated amount required to pay future compensation, medical aid and pensions of claims reported and paid in 1987 and earlier. The fund also contains a provision to pay future rehabilitation costs of claims reported and paid in 1983 and succeeding years.

(iii) EQUALIZATION FUND
Established to meet the estimated future costs arising from an extraordinary circumstance.

(iv) SECOND INJURY FUND
Established to meet the estimated future costs of claims for workers suffering enhanced disabilities due to pre-existing conditions or disabilities.

(v) REHABILITATION FUND
Established to meet the estimated future costs of vocational training and other rehabilitation measures and for temporary disability benefits for Rehabilitation claims having occurred prior to January 1, 1983.

(vi) CHANGES IN RESERVES FOR FUTURE COSTS, REHABILITATION, SECOND INJURY AND EQUALIZATION
An actuarial review of these reserves was completed in February, 1988, and based upon the results of this review the balances in the reserves were adjusted as required.

f) ASSESSMENT REVENUE
At the beginning of each year, an assessment is levied on employers by applying their industry assessment rates to their estimated payrolls. During the year, assessment income is adjusted based on the ratio of actual to estimated payrolls for previous years prior to the current year.

g) SELF-ASSURERS
The Self-Assurers are assessed based upon the actual benefit payments made on their behalf. The benefit payments and assessment receipts of the Self-Assurers are recorded in their class funds on a cash basis.

h) EMPLOYEE PENSION PLAN
The Employee Pension Plan was last valued at January 1, 1987. An actuarial certificate issued that date showed the plan to be fully funded. The next review is planned during 1988.

An agreement between the Province of Manitoba and The Workers Compensation Board of Manitoba allowed certain employees to remain in the Civil Service Superannuation Fund instead of the Employee Pension Plan. In accordance with the provisions of the Manitoba Civil Superannuation Act, the Board contributes 50% of the pension disbursements made to these employees. Such payments are charged to income as incurred and a provision is not made in the accounts to fund current or past service obligations of the Board to the Civil Service Superannuation Fund. On the basis of the most recent actuarial report, the unfunded provision for the Board's past employees amounted to approximately $389,000 as at December 31, 1986.

2. RECEIVABLES

Receivables consist of the following accounts:

	1987	1986
Assessments billed and outstanding	$ 1,583,332	$ 1,422,666
Less: Allowance for doubtful accounts	610,000	525,000
Assessments receivable	973,332	897,666
Employee & sundry accounts receivable	369,441	179,361
Recoverable from The Government of Canada	34,922	20,068
	$ 1,377,695	$ 1,097,095

3. INVESTMENTS

Bonds and debentures issued by, or guaranteed by, the following:

	1987	1986
Province of Manitoba	$ 72,426,156	$ 72,037,049
Government of Canada	10,658,859	10,655,057
Corporations	21,447,831	11,637,648
Hospitals	7,564,142	7,986,343
Municipal Corporations	6,316,073	4,345,737
Province of Ontario	5,210,231	3,314,210
Province of Quebec	1,298,193	1,295,792
Province of Saskatchewan	167,456	161,560
Province of Newfoundland	50,000	150,000
Province of Alberta	983,594	
	126,122,535	111,583,396
Mortgages, National Housing Act (Canada)	33,713,547	30,346,737
	$159,836,082	$141,930,133

4. LEGISLATED PENSION AMENDMENTS

Details of the cost of these amendments are as follows:

	1987 AMENDMENTS	1985 AND EARLIER AMENDMENTS	1987 TOTAL	1986 TOTAL
Cost of benefits increases	$ 13,099,881	$ 82,111,022	$ 95,210,903	$ 82,111,022
Less: Charged to special funds		964,590	964,590	964,590
Balance chargeable to class funds	13,099,881	81,146,432	94,246,313	81,146,432
Recoveries, 1979 to 1986 inclusive		52,581,251	52,581,251	52,581,251
	13,099,881	28,565,181	41,665,062	28,565,181
Recoveries, 1987	3,001,175	7,744,938	10,746,113	
Balance, December 31	$ 10,098,706	$ 20,820,243	$ 30,918,949	$ 28,565,181

5. FIXED ASSETS

Fixed assets are comprised of the following items:

	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE DECEMBER 31 1987	NET BOOK VALUE DECEMBER 31 1986
Building & Additions	$ 1,572,298	$ 758,256	$ 814,042	$ 851,090
Building Renovations	229,168	91,670	137,498	160,415
Automobiles	38,372	38,372		7,674
Furniture & Fixtures	361,685	289,348	72,337	144,673
Computer System Development	821,103	821,103		136,851
Leasehold Improvements	37,139	14,856	22,283	29,711
	$ 3,059,765	$ 2,013,605	$ 1,046,160	$ 1,330,414

6. OTHER CHARGES

Under the provisions of The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the Consolidated Fund and may recover such portion as may be determined from the class funds under The Workers Compensation Act. For 1987 the amount charged to operations under this provision was $2,322,408 (1986 — $1,793,189).

Also, under the provisions of Section 91 (3) of The Workers Compensation Act, the Province may pay the costs incurred in respect to Worker Advisors and may recover them from class funds. For 1987, the amount charged to operations under this provision was $265,232 (1986 — $377,969).

7. LEGISLATIVE REVIEW COMMITTEE

Government had appointed a committee under Section 100 of The Workers Compensation Act to review the compensation system in Manitoba. The committee's report and recommendations were published in 1987. The Government has appointed an Implementation Team who are studying the effects of the recommendations. It is possible that certain recommendations, if implemented by the Government, will have an effect on the future financial position of the Board and on its future operations.

8. COMPARATIVE FIGURES

At December 31, 1986 the estimated future costs of rehabilitation benefits chargeable to Class G employers was provided for in aggregate in the Future Cost of Existing Claims Fund. At December 31, 1987 the estimated future costs of these rehabilitation benefits are provided for in the individual Reserves which will be charged with these future costs. For comparative purposes, the December 31, 1986 Reserve balances have been reclassified as follows:

	As Previously Reported	Reclassification	As Reclassified
Future Cost of Existing Claims Fund	$108,617,554	($17,859,143)	$ 90,758,411
Second Injury Fund	7,528,217	4,132,148	11,660,365
Equalization Fund	612,530	148,472	761,002
Rehabilitation Fund	900,000	13,578,523	14,478,523
	$117,658,301		$117,658,301

Certain other prior year comparative figures have also been reclassified to conform with the current year's presentation.

Manitoba

THE WORKPLACE INNOVATION CENTRE

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Workplace Innovation Centre for the year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Workplace Innovation Centre as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

April 25, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE WORKPLACE INNOVATION CENTRE

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

ASSETS

	1988	1987
Current		
Cash on hand and in bank	$ 62,980	$ 68,758
Funds on deposit with the Minister of Finance	-	150,176
Accrued interest receivable	-	1,192
Prepaid expenses	3,400	4,043
	66,380	224,169
Fixed, at cost (Notes 2b and 4)		
Furniture and equipment	56,682	53,995
Leasehold improvements	7,483	7,483
	64,165	61,478
	$ 130,545	$ 285,647

LIABILITIES AND FUND BALANCE

	1988	1987
Current		
Accounts payable	$ 9,735	$ 6,651
Total liabilities	9,735	6,651
The Workplace Innovation Centre Fund -		
Funds retained for working capital and future operations:		
Balance, beginning of year	217,518	38,668
Excess of (expenditures over revenues) revenues over expenditures for the year, Exhibit B	(160,873)	178,850
Balance, end of year	56,645	217,518
Investment in fixed assets (Notes 2b and 4)	64,165	61,478
	$ 130,545	$ 285,647

EXHIBIT B

THE WORKPLACE INNOVATION CENTRE

Statement of Revenues and Expenditures
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenues:		
Grant received from the Government of the Province of Manitoba - Jobs Fund (Note 3)	$ 114,824	$ 360,000
Interest	6,067	10,144
Project	792	-
	121,683	370,144
Expenditures:		
Accounting and audit	6,980	3,700
Board travel and expenses	4,322	5,408
Conference and seminar expenses	28,425	11,451
Consultant's fees and expenses	36,672	3,673
Equipment and furnishings	2,688	53,995
Equipment rental, maintenance and repairs	7,346	3,329
Leasehold improvements	-	7,483
Miscellaneous	2,098	740
Office supplies, printing and postage	10,007	8,229
Rent - office and parking	24,636	13,694
Salaries and benefits	136,242	64,206
Staff recruitment and development	5,190	8,848
Staff travel and expenses	14,031	4,270
Telephone	3,919	2,268
	282,556	191,294
Excess of (expenditures over revenues) revenues over expenditures, Exhibit A	$(160,873)	$ 178,850

THE WORKPLACE INNOVATION CENTRE

Notes to Financial Statements
March 31, 1988

1. Incorporation and Function

The Workplace Innovation Centre was established in 1985 by an Act of the Legislature, The Workplace Innovation Centre Act.

The Centre was established to address the human dimension of technological change through the involvement of business, labour, education, government and the community in innovative ways of working together to promote the principle of equitable distribution of the risks and rewards of technological change.

2. Accounting Policies

a) General

The accompanying financial statements have been prepared on an accrual basis, except that purchases of fixed assets are charged to operations in the year of acquisition.

b) Fixed Assets

The balance sheet reflects fixed assets at cost with a corresponding credit to "Investment in fixed assets". The Centre's policy is to remove the cost of all physical assets from the accounts which have

- become obsolete during the year,
- been sold or otherwise disposed of during the year, or
- in the case of leasehold improvements, a full write-off will be recorded at the termination of the lease period, including any renewal option periods.

c) Services Provided by the Government of the Province of Manitoba

The cost of services provided by the Government of the Province of Manitoba as outlined in Note 5 are not reflected in these financial statements.

3. Funding Authority

The Government of the Province of Manitoba approved $1,200,000 funding to the Centre over three years from the Jobs Fund. Of this amount, $1,000,000 is to be provided from the MGEA Trust Fund. At March 31, 1988, $514,824 has been received by the Centre from the MGEA Trust Fund.

THE WORKPLACE INNOVATION CENTRE

Notes to Financial Statements
March 31, 1988

4. Fixed Assets

The total furniture and equipment of $56,682 represents assets of $2,687 acquired in 1988 and $53,995 in 1987. The expected useful life of this furniture and equipment is five to ten years. The period of the current lease is from September 1, 1986 to August 31, 1989.

5. Services Provided by the Government of the Province of Manitoba

The Government of the Province of Manitoba provides legal services at no charge to the Centre. The cost of these services has not been estimated.